The NATIONAL UNDERWRITER

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WEEKLY NEWSPAPER OF INSURANCE

The NATIONAL UNDERWRITER

May 22, 1952
56th Year, No. 21

Buyers Trade Pros and Contras on Big Deductibles

One Has to Buy Part Abroad, Another Lists Dangers in Idea

NEW YORK—The pros and cons of excess and deductible property insurance were delineated for the insurance conference of American Management Assn. here. Sydney L. Hall, vice-president and secretary Cleveland Electric Illuminating Co., took the affirmative and O. B. Tearney, insurance department manager of Inland Steel Co., Chicago, the negative.

Chester A. Brown, corporate insurance manager of R. H. Macy & Co., New York, and Roy L. Jacobus, insurance manager Ford Motor Co., participated in the panel discussion.

More than 525 were registered the first day of the conference, a new record. Marsh & McLennan and Rollins, Burdick, Hunter held cocktail parties and several other producer firms, including Johnson & Higgins, and W. A. Alexander & Co., maintained headquarters for buyer friends.

Session chairmen were Paul H. Schindler, Youngstown Sheet & Tube Co., A.M.A. insurance vice-president; Russell B. Gallagher, Philco Corp.; B. W. Nichols, Standard Oil Co. of Ohio; B. E. Kelley, Ebasco Services; and Edwin T. Berquist, Pure Oil Co.

There are both breadth and depth to risk bearing, Mr. Hall said. The job of the insurance buyer is to catalog the many risks to which property and operations are subject, evaluate them in terms of dollars, and then decide which risks under insured's own particular circumstances can be assumed with relatively little danger to its over-all long range position. This practice usually is called self-insurance if it applies to a risk for which insurance is purchasable. Otherwise, it is just a risk inherent in living or doing business, like a mistake of investment judgment, engineering design or sales promotion policy.

Buyers Should Ask for It

Merely because in some branches of insurance deductible has not yet become fashionable, the buyer should not be deterred from asking insurers to furnish the cover on a deductible appropriate to insured's needs at an appropriate price. he declared. He thinks deductible coverage is sound economics. It eliminates processing of a large number of small claims through the investigation and settlement steps. These consume time and effort of both insured and insurer. In the long run it amounts to trading 100-cent premium dollars for 50-cent settlement dollars. Occurring over and over again, this is an economic waste.

Another advantage of deductible is to make insured a partner in the prevention of losses. This incentive is sound and makes insured more careful in selecting and maintaining his equipment, in planning operations, and in good housekeeping generally.

The deductible principle is well established in many other lines, automobile collision, personal property floater, the disability income policy with a three-month waiting period, an electrical apparatus clause with a $100 deductible on all electric utility fire policies, and an inherent explosion clause with a $100 deductible in the extended coverage endorsement when applied to public utility properties. The many small claims which are eliminated by these $50 and $100 deductible clauses would make the cost of primary coverage almost prohibitive. In fact, that is why deductibles of $50 and $100 are required by companies writing windstorm insurance in certain states.

B. & M., P. L. of $5 Million

His company purchases steam boiler explosion insurance of $2 million subject to a $50,000 deductible. It purchases comprehensive public liability insurance of $3 million in excess of $100,000.

The reasoning behind the deductible principle is well established in fire rate making. Premium credits are allowed for reduction of frequency and amount of loss by installation of automatic sprinklers, a fire wall, etc. A premium credit for the safe practices, maintenance work and good housekeeping which can be expected from insured bearing the first X dollars of loss is just as logical as a premium charge or penalty for bad housekeeping or bad construction.

The deductible principle is followed by fire insurers which carry a primary level of liability—and reinsure the excess. The amount they retain depends on income, capital and judgment.

Several years ago his company took a fresh look at its practice of self-insurance. It found there were increasingly higher values at a single location, higher temperatures and pressures in boilers, higher voltages on lines. There had been the Texas City and East Ohio Gas explosions. The company concluded it would be advisable to buy property and public liability insurance against losses in excess of $100,000. That was the limit at which several losses per year could be sustained without materially affecting depreciation reserves, accumulated surplus, or current earnings per share.

In a service business, accidents may

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TWA Flood Loss of 1951 Is Settled for $4,098,000

The flood insurance loss on the TWA base at Kansas City in 1951 has now been settled. There were 13 insurance companies involved and the payment was $4,098,500. The amount of the insurance loss agreed upon was $4,100,000 and there was a $1,500 deductible. This was only the inland marine loss to parts and machinery, etc. There was no flood coverage on improvements and betterments nor on furniture and fixtures. The insurance on the planes themselves was a separate matter and that loss ran some $400,000.

A very large part of the cost was the cleaning of the parts and personal property.

On the agency side the handling of this loss was superintended by Leonard L. Kline of the Mann, Kerdolff, Kline & Welsh agency at Kansas City, and Western Adjustment represented the insurers. It was a complicated and difficult loss to handle.

Just this year the Kaw river had its biggest flood in 50 years but the dikes held. It was also emphasized there was the worst flood in 70 years in the Missouri river this season, and the levees held there. There was some expense in moving equipment away from the TWA base for precautionary purposes, but the Kansas Citians are much gratified at the way the waters were contained.

N.A.U.A. Reelects Officers at Annual

Sammons Emphasizes Importance of New Rating Formula

NEW YORK—Though the complete record on automobile material damage premium volume in the U.S. for 1951 is not yet available, estimates indicate it will be about $1 billion, 300 million, F. Elmer Sammons, president of Hanover Fire, said in his presidential report at the annual meeting of National Automobile Underwriters Assn. here. Mr. Sammons, William B. Rearden, executive vice-president of Loyalty group, vice-president, and Ellis H. Carson, president of National Surety, treasurer, were reelected by N.A.U.A.

The four directors at large elected at the meeting are George L. Armstrong, chairman of Caledonian; R. I. Catlin, vice-president of Automobile; Lester S. Harvey, president of New Hampshire Fire, and Arthur F. Herman, vice-president of Home. Regional directors elected are Tudor Jones, vice-president Aetna Fire, east; John M. Wylie, vice-president of Springfield, Pacific Coast; Manley Stockton, assistant manager southern department of Hartford Fire, south, and C. W. Ohlsen, vice-president of Sun, west. J. Ross Moore continues as secretary-manager.

N.A.U.A. Share $915 Million

Of the total premium volume, premiums reported to the association's statistical department in 1951 amount to about $915 million, covering 502 member and subscriber companies plus a few insurers that use the association's statistical services.

The association has continued its studies of a new rating formula, and its basic principles were unanimously approved by association members in April. The new formula is to be presented at the commissioners' meeting in Chicago in June.

The importance of the formula cannot be overemphasized, Mr. Sammons said. Its purpose is to provide rates and premiums which will enable companies, under proper underwriting management, to develop sufficient dollars with which to pay legitimate loss claims and to provide for necessary, reasonable expenses of operation and still have a moderate amount for profit and unknown contingencies. The provision of 5% for profit contingencies is not unreasonable, especially when compared with profit factors recognized as proper in other industries.

Cooperation With Other Segments

In the development of the new formula, N.A.U.A. conferred with other branches of the business so that principles basic to all companies' operations should be fully recognized. The association's relations with other segments of the business are increasingly cooperative, he noted, especially in rating and underwriting principles and factors of companies' operations, to all. The automobile casualty and fire rating organizations are working in "splendid harmony" and continue to establish where possible common rules, procedures, territorial definitions, etc.

At present the association is receiving between 4.5 and 5 million cards monthly. The promptness with which they are filed has enabled it to keep pace with changing trends and maintain adequate rate levels, Mr. Sammons said.

On the $50 deductible form for com-

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National Board's Annual Meeting Is "Blue Chip" Event

Cooney Address Stresses Vital Role of Fire Insurance in National Economy

NEW YORK — The vital role fire insurance plays in the economy of the country and the essentially home town character of the business were emphasized at the annual meeting of National

JOHN R. COONEY

Board here in the presidential address of John R. Cooney, president of Loyalty group. Its versatility and leadership have been demonstrated in many ways through the years, he declared. He emphasized how important local agents have been in the vast expansion of the insurance business.

The meeting and dinner, always the blue chip affair of the fire business year, as usual attracted a large and distinguished attendance. Mr. Cooney was scheduled to be returned for another term. H. C. Conick, U. S. manager of Royal-Liverpool, is vice-president.

Mr. Cooney said that about 1,500,000 policyholders were reimbursed under extended coverage for a total of $188 million as a result of the November, 1950, windstorm. That does not include the cost of making settlements.

Underwriting profit of the business in 1951 declined to 3.3% and for the five years ended with 1951 was 3.6, substantially less than the 6% recommended in the report of the special committee of National Assn. of Insurance Commissioners.

H. C. Conick

The business is faced with higher taxes that affect the companies' investment income, indirectly by cutting down the income they receive on investments and directly by taking more of what they do receive.

Passage of multiple line legislation

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Reduction in Term Credit Predicted by North in Tex. Talk

Phoenix President Sees Step Forced by Installment Payment Situation

A prediction was made by John A. North, president of Phoenix of Hartford, in addressing the convention of Texas Assn. of Insurance Agents that a reduction in fire insurance term credit will come about as a forced result of the premium installment payment idea. He went on to say that at this stage he favors such a reduction. However, he predicted that at the same time the annual fire rate may be adjusted downward and the net to the business will be reduced income when what is actually needed is an increase to meet rising operating costs and higher loss costs. Even though a reduction in the term credit has merit, care must be taken not to substitute one evil for another, he said.

All of the business is not wanted on an annual basis because of the expense of processing, nor do the companies want to release reserves too fast at present high tax rates.

Mr. North said he hopes that Texas will at least postpone adopting the installment premium payment plan and perhaps there is hope that the plan can be avoided entirely in that state, he said. The plan, according to Mr. North, has done more harm than good and it has accomplished no useful purpose.

A reduction in the term credit could have a very sobering effect, he declared. The present credit can only be justified either on the ground that it has become traditional or that it is presumed to be a measure of expense-saving in the reduction of handling, accounting and collection of premium.

Based on the findings of National Board, Eastern Underwriters Assn. has come up with a plan for changing term rule credits. Inasmuch as this would create nation-wide implications, the matter has now been referred to an inter-regional body which is scheduled to consider the problem in June. Insurance commissioners are intrigued with the idea and some publicly have admitted their interest.

Commissioners Had Scare

The commissioners had quite a scare a year ago, he said. Insolvencies are always embarrassing to insurance departments as well as to agents. Premium reserves can eat into surplus mighty fast, particularly when the cash comes in slowly by installments. Mr. North said it was fortunate that last June the insurance commissioners approved a "realistic" premium reserve allocation based on the installment due rather than on the entire term premium. Commissioners, he said, saw disaster coming as no small company could long endure the fictitious reserve strain on operating surplus. Moreover reinsurance had to be paid for in cash on the reinsured term premium while collection of the balance due the primary company was delayed three to four years. Bookkeeping expense has pyramided with no adequate loading in the premium to compensate. There are vast quantities of future collection notices in the suspense files because companies must keep track of these future accounts receivable.

The expense of collection of the agent multiplies at a time when office help has never been so dear. Commissions are received piecemeal instead of at the time of the advance payment. If a change comes in the status of an agency, a new and complex problem is created in arriving at the agency value. Even the delicate question of ownership of expirations on unpaid installment policies arises. Mr. North mentioned the involved computation of rate changes on endorsements during mid-term and tampering with the principle that reinstatement in event of loss should follow only when values have actually been restored. When the term expires and the full annual premium is imposed to start a new cycle, the assured may think that his rate has actually been increased. This could lead to a system of perpetual renewals and a freezing of the business where it is placed.

Dislikes Direct Excess Insurance

Mr. North spoke out on the subject of catastrophe or direct excess insurance whereunder the insured carries his own risk for the first $100,000 or maybe $500,000, or some other larger figure.

Competition, he said, has prompted these plans primarily as a means of obtaining accounts at a reduced cost. It is claimed that several accounts formerly self-insured have come into the insured market through this means. Mr. North, however, expressed doubt that many accounts with good loss experience have switched to insurance because of a large deductible. Assured usually are interested only when losses are too costly or have eaten up a self-insurance fund. Because the average property owner cannot afford to carry his own risk and unless the deductible is very low, say $500 or even $5,000, the threat to general business may actually never materialize. But, he exclaimed, from an agency standpoint, imagine what would happen if filings could be made to raise the deductible another $1,000 for an additional rate cut! The agent's choice accounts of size would be under attack constantly and the value of an expiration would disappear. The result would be some arbitrary limit that would be specified in the rule book and this would be a disadvantage to the public because a dollar deductible could not fit all situations nor would it be fair. A percentage deductible might be better but the question arises what percent should it be. That could be juggled, too.

Reliable statistical data could not be accumulated for rate purposes at least for years and the present fire statistics, based on reasonable insurance to value would be distorted. Coinsurance could become a thing of the past and "thus a keystone knocked out of the arch of the sound insurance to value principle."

Mr. North concluded that there is no popular future for the direct excess of loss insurance plan on fixed properties at least in a form profitable to company or agent. The abuse of such a plan can raise havoc with fundamental concepts.

Auto Problem Is Menacing

A really serious problem facing the business is that of auto B. I. and P.D.L. The experience on these classes can drag down the profit, if any, of all other classes put together. The losses and expenses of these lines now exceed premiums and have discouraged the market. Frequency of accidents has stepped up as the number of cars on the road has increased. Inflated values of both material and labor mean larger unit cost of each claim adjustment. Rates have lagged too far behind current experience which requires cash for loss payments. The population is steadily increasing and that means more cars and more drivers. Never before have judges and juries awarded such huge verdicts, some of them beyond all reasonableness.

There will be higher rates, he said, because the public in the end must pay for these verdicts if not through insurance, then perhaps through some form of taxation. The market will become

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Oklahoma Agents Get Practical Fare at Annual Parley

Constitution Is Rewritten—Viles Replaces Johnson at Helm

The annual meeting of Oklahoma Assn. of Insurance Agents at Tulsa attracted a registration of 515. The new president is Philip H. Viles of Claremore; James O. Whelchel of Tulsa was designated as president-elect, Foster P. Boggs of Tulsa, vice-president, and Elwen H. Boese of Oklahoma City is secretary.

Dave R. McKown of Oklahoma City was reappointed state national director and Tom R. Weaver continues as executive secretary.

Those elected to the executive committee are E. M. Burk of Enid, Clyde McMasters of Sapulpa, Walter Geis of Cherokee, James Reinmiller of Hobart and Ralph Carlin of Oklahoma City.

The evening before the convention opened Kent W. Johnson of Alva, the outgoing president, was host at a dinner to officers and members of the executive committee and their wives.

The first morning a number of movies were shown under the auspices of Oklahoma Fire Underwriters Assn. and J. W. Butler, audit manager of Oklahoma Inspection Bureau, gave a discussion of the one-write fire policy.

President Johnson Reports

That afternoon, Norman S. Casey, president of Tulsa Insurance Board, extended greetings and President Johnson gave his report. This was widely acclaimed as it was felt that the past year had witnessed the greatest accomplishments in the history of the association. There were 19 regional meetings conducted. This generated a great deal of enthusiasm and has resulted in many men throughout the state becoming interested and assuming leadership in the association.

Dave McKown gave an address "Idolatry Goes Modern." He complained of the rapidly growing disposition on the part of government to take over more and more functions of insurance. Compulsory liability insurance and unsatisfied judgment funds he charged constitute the initial step towards state monopoly of the automobile insurance business.

Perry D. Inhoff, president of Tri-State of Tulsa, who has appeared on

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TIME TAKES TOLL

Rate Laws Modification Is Needed, Allyn Asserts

NEW YORK — Experience over the past six years indicates that considerable modification is in order in the uniform rate regulatory laws adopted by practically all states after enactment of public law 15, Commissioner Allyn of Connecticut said at a meeting of New York chapter of National Insurance Buyers Assn.

While characterizing the rating laws as an outstanding achievement and a monument to what can be accomplished by private industry and state government working toward a common goal, Mr. Allyn said that because of changes since their passage they "contain the dangerous possibility of invasion of the field of management by governmental officials whose proper role is that of supervising and policing." Government should confine itself, he added, to insuring that the rules of fair competition are observed.

Centralized Authority Dangerous

"It has been pointed out that a weakness of present-day regulations is the variation in standards and abilities between the states," Mr. Allyn observed. "The alternative is centralized authority and that contains the seeds of far and greater dangers. The strength of state supervision lies in its nearness and accessibility to the people whom it serves."

Mr. Allyn remarked that the standards of a nation-wide insurer are usually determined by the supervision of the most exacting state in which it does business, and the bulk of the business is done by insurers entered in states with high standards. For every giant insurer, however, there are scores of small companies operating locally or in a very few states, he noted. A policy in one of these companies is just as important to assured as if it were in one of the large companies and the assured depends on his local state supervision for solvency. "I doubt if centralized supervision of these little fellows, often operating under local control and peculiar local conditions, would be an unmitigated blessing," he stated.

Concern Over Loss Reserves

Under present conditions, Mr. Allyn said the subject of loss reserves in the casualty business should create deep concern in the minds of all. A reserve set up a couple of years ago against an unsettled claim in litigation may be totally inadequate today in view of inflationary spiraling of costs and the fantastic increase in size of awards, he remarked. "All too often juries think they are serving on a give-away show and make awards which go far beyond the inflationary increase in the cost of living. In workmen's compensation, the same general tendency holds true. Claim reserves must be upped to provide for present-day trends. It has been found necessary in many cases to set up $100,000 reserve for a single case. Medical costs have increased. There are fewer deaths and more protracted recoveries; many states have adopted unlimited medical expenses. Costs may amount to as much as $10,000 a year for as many years as care is necessary."

Warns Against Reserve Transfer

According to Mr. Allyn, the commissioner's primary function is to see that a company maintains solvency and today there are companies near the borderline where the reserve policy may determine their continued existence. "To my mind," he said, "any commissioner who insists on the transfer of funds of a casualty company from claim reserves to surplus is assuming a grave responsibility. Reserve policy is the essential criterion in determining the strength of an insurance company and an under-reserved condition may well conceal a state of actual danger or even insolvency."

While an important part of an insurance buyer's job is to secure coverage at a favorable price, Mr. Allyn said that the buyer should realize it is an inescapable fact that some companies are stronger than others, and this will always be so regardless of the effectiveness of supervision. The buyer should therefore be able to analyze an insurance company's statement, and to consider it his duty to follow the financial trends in the companies with which he does business. Insurance departments will continue to eliminate unsafe insurers to the best of their ability, but the old rule of caveat emptor cannot be regarded as entirely inoperative in the field of insurance buying, he warned.

Describing the various factors that are taken into consideration in rate making today, Mr. Allyn opined that "much of the learned discussion about scientific pin-pointing of a rate within fractions of a percentage is so much eyewash." There is one inescapable fact, however, he went on. Unless premiums are sufficient to pay losses, the cost of doing business, and provide a reasonable profit, there won't be any market. The usual answer to this, he said, is that the state or federal government will go into the insurance business. This is a function government is not equipped to perform, he concluded.

J. L. Randel Is Given Reins of Texas Association

Attendance Mark of 1,308 Set at Dallas, Pearson Elected V.-P.

With a registration of 1,308 setting a new attendance record, Texas Assn. of Insurance Agents at its annual meeting at Dallas elected Joe L. Randel of Wichita Falls president succeeding Travis D. Bailey, San Antonio.

Forest S. Pearson, Austin, becomes vice-president, and Drex G. Foreman, Fort Worth, begins his 28th year as executive secretary. New directors are Burdette Brants, Fort Worth; Elmer W. Faught, Jr., Houston, and Harry P. Stuth, Corpus Christi.

New Regional District

The only organizational change of any consequence was the creation of a 14th regional district, which consists of counties north of the Lower Valley area and which formerly were in district 10. This necessitated election of the following regional chairmen: Jack Brazil, Quanah; J. C. Roberts, Denton; Gerald V. Daniel, Baytown; Buster Brown, Temple; Richard T. Barnhart, Pearsall; Melvin J. Sellers, El Paso; Charles W. Stewart, Claude; Fred E. Bosworth, Tyler; Dallas J. Goss, San Angelo; Charles Ridlehuber, Pharr; Sid E. McKinney, Abilene; Marion Sanford, Lubbock; W. C. Smith, Odessa, and Morris Engelhardt, Corpus Christi.

Mr. Bailey's talk was reported in last week's issue. Other speakers were John A. North, president of Phoenix-Connecticut, who gave an important talk which appears elsewhere in this issue; Ben H. Wooten, president of First National Bank of Dallas, on "The Boss," which was an entertaining description of qualities that should mark the modern head of a business organization, and Louie E. Throgmorton, vice-president of Republic National Life of Dallas, who used a series of anecdotes and yarns to pay tribute to America and its way of life under the title of "Of Thee I Sing." Garland A. Smith, new Texas casualty commissioner, said that he will continue the "open door" practice of the Texas department in conferring with agents, companies and the public on insurance matters.

Panels Are Popular

Two panel discussions rounded out the formal convention program. The first was a lively question-answer period on automobile insurance which was still "going strong" at the end of 90 minutes as the agents sought solutions for specific problems growing out of the new rates and rules, the safety responsibility law, and the assigned risk plan.

Members were Willis A. McVey, director of the automobile section in the casualty division of the Texas department; Paul Benbrook, southwestern manager of National Bureau of Casualty Underwriters; Tom R. Chatfield, chairman, and Raymond Hulsey, manager, of Texas Automobile Service Office, and Raymond B. Moses, manager at Houston for Travelers, chairman of the appeals committee of the assigned risk plan. Moderator was Joe E. Vincent, Bryan, chairman of the association's casualty and surety committee.

The second panel dealt with "Multiple Peril Policies for Personal and Residential Lines." The moderator was Hal A. Gulledge, Dallas, and the speakers: C. M. Patrick, Dallas, vice-president of Southwest C.P.C.U. chapter, on "The Situation Outside Texas"; William F. Seitz, vice-president of Houston Fire & Casualty, on "The Situation in Texas": Fred A. Rhodes, Jr., president of Houston C.P.C.U. chapter, on "What Do Texas Agents Want?" and Gerald E. Myers, W. A. Alexander & Co., Chicago, on "The Policies of Tomorrow."

Texas Lags Behind

In brief, the speakers showed that other sections of the country "are way out ahead of us" in offering coverages in the multiple peril field; they urged all segments of the business to get together in order to meet the challenge that the future holds; they pointed to restrictions under Texas laws and rules; without exception they criticized the terminology used to describe insurance policies, and they discussed possible policy forms or even certificates that may be issued in the future in response to public demand.

New officers were installed at the banquet by George B. Butler, chairman of the Texas board of commissioners. Paul H. Brown, fire commissioner, and Hollis F. Danvers, Houston, a past president, also were present.

Other entertainment features included a dinner given by Texas Assn. of Managing General Agents for officers of local associations, a luncheon and style show for visiting ladies, and a breakfast given by Gulf and Atlantic.

30% Production Cost Factor Suggested

R. R. Lawrence, manager of the Guild & Landis agency, Dayton, O., writes:

It is a condemnation of the apathetic attitude of most insurance agents that no more comments were received by you to your April 17 editorial, "Auto Commission Reduction."

In this era where any policy of less size than $50 produces a loss to the writing agent we stand by quietly submissive to such proposals for reduced rates of commission.

We should be up in arms, rallying our strength to the point that such reductions are as significant as a dilution in payments to claimants.

Since we cannot as a group propose a remedy, may I, as an individual agent, suggest that National Assn. of Insurance Commissioners perfect a new formula for rate making that begins with production costs on 30% (not 25% as under present formula).

Greenwood Joins M. & M.

E. A. Greenwood has resigned as branch manager at Yakima for Stuart G. Thompson-Elwell Co. to join Marsh & McLennan in the fire brokerage department in Seattle. He was for a number of years with Washington Surveying & Rating Bureau.

Potter Office Discontinued

R. G. Potter & Co., Seattle surplus line brokerage firm, has discontinued business. Mr. Potter has joined Universal Underwriters, coastwise surplus line organization.

A panel on automobile insurance was conducted at the May 20 meeting of **Insurance Buyers Assn. of Minnesota** at Minneapolis.

April Fire Losses Total $67 Million

Fire losses in April in the United States are estimated at $67,380,000, an increase of 7% over the same month last year, by the National Board. The April figure is a 6.7% decrease from the March losses of $72,254,000.

Losses for the first four months total $283,714,000, a 4.1% increase over the same period of 1951.

Losses by months for 1952 and the two preceding years are

	1952 $	1951 $	1950 $
Jan. ...	74,155,000	68,686,000	58,823,000
Feb. ...	69,925,000	69,136,000	58,340,000
March..	72,254,000	71,507,000	72,468,000
April ..	67,380,000	62,965,000	61,605,000
	283,714,000	272,294,000	251,236,000

Pacific Board Names Jackson Governing Committee Head

SAN FRANCISCO—Ward S. Jackson, Pacific Coast manager for Crum & Forster, has been elected chairman of the governing committee of Pacific Board.

The comprehensive dwelling form proposal, which was the subject of considerable discussion at the board's meeting, was referred to the actuarial and research committee for further study; the proposal for earthquake first loss coverage has been sent to Pacific Fire Rating Bureau with the request that it set up some rules and rates and the members of the board are now voting by mail regarding its adoption in that territory.

Opinion on the use of the so-called Louisiana fire policy form appears to be divided and it is the opinion of some that to adopt such a form it will be necessary to go before the legislature to amend the present statutory California standard fire policy in several particulars.

N. C. Insurance Women Elect

North Carolina Assn. of Insurance Women at its annual meeting at Raleigh, elected Mrs. Ina Steagall of Charlotte to succeed Mrs. Myrtie P. Trimble of Greensboro as president. The officers were installed by Sherman G. Otstot, executive secretary of North Carolina Assn. of Insurance Agents, at the banquet.

Miss Mary Lee Bradshaw, Burlington, and Mrs. Edna York, Statesville, are vice-presidents; Mrs. Opal Leonard, Charlotte, secretary; Mrs. Catherine Roberts, Shelby, assistant secretary; Mrs. Florence B. Iseley, Raleigh, historian.

U. S. F. & G. and Atlantic Fire were hosts at breakfast sessions. Commissioner Cheek was the principal speaker at the banquet. Statesville received the trophy for the most outstanding work of the year.

Knowlton on Auto Rates

Commissioner Knowlton, speaking before the Kiwanis Club of Concord, N. H., outlined some of the reasons for increasing auto liability rates.

He said automobile insurance costs have climbed 24.4% in the past 10 years, while living costs have soared an average of 70%.

Brighton Explosions Reviewed

What were the causes last September of the $1 million Brighton, N. Y., explosions that resulted in the death of three persons, injury to some 30 others, the destruction of 19 dwellings and serious damage to 25 others? Could they have been averted? What should be done to prevent a similar occurrence?

The answers to these questions and many others are detailed in a study just published by the research division of National Board. Lewis A. Vincent, general manager, in the foreword points out that explosions, unlike fire, cannot be fought, but must be prevented.

According to the report, it is believed the initial explosion in a regulator vault was set off by an open flame kerosene warning lantern placed near adjacent construction work. The regulator, damaged by the force of the explosion, opened wide and allowed high pressure gas to pass into a system designed to operate at low pressure only.

This overloading of the system resulted in numerous gas leaks within buildings and malfunctioning of gas appliances. Within a few minutes a series of explosions and fires took place in the affected area. Most of the destruction occurred during the first hour and a half.

Life Loss Kept to Minimum

The life loss, the report states, was kept to a minimum because it happened in the afternoon when most children were at school and many people were away from home shopping or working. The sound of explosions, abnormal action of gas appliances, and the odor of leaking gas warned other residents to leave their homes. Prompt response by the gas company and by fire and police departments, both local and from neighboring communities, helped reduce the loss of life and property. Civil defense and other groups also contributed their services. The situation was brought under control after about three hours.

One of the unique features believed to have contributed materially to the seriousness of the Brighton accident was the isolated arrangement of the low pressure distribution system in a "dead-ended" branched tree pattern. Where the network of gas mains is interconnected to form looped grids any excess gas pressure can be relieved or dissipated with a relatively slow buildup and without serious consequences.

Other auxiliary safeguards in distribution systems suggested in the report are utilization of automatic pressure relief valves, installation of individual service regulators and emergency vents, and the use of proper types of shutoff cocks. The servicing of gas distribution systems is emphasized particularly in the conversion of a manufactured gas system to natural gas. A program for periodic testing and inspection of key gas control equipment is recommended.

The report also brought public attention to the problems which occur during the conversion of a distribution system from manufactured gas to natural gas and recommended a planning program for coordinating emergency action of the fire service and gas utility field crews.

The report emphasizes that insurance and industrial interests have a common obligation to the public in providing the necessary guide posts leading to improved and greater security in modern-day risks.

Add Day to N.A.I.C. Rally for Those with the Grip

The insurance commissioners convention at Chicago the week of June 22 is going to depart from the accustomed pattern in that there will be on Thursday of that week an executive session for the commissioners. This plan was largely conceived by President Frank Sullivan, who is the Kansas commissioner. The idea is that up until Thursday the committee sessions will be held and committee reports that are ready will be submitted to the commissioners at plenary sessions but only for purposes of being received. Action on the reports will be put over until Thursday.

Mr. Sullivan is trying to arrange to have the reports handled in orderly fashion. He is planning to have copies of the reports made available by the hundred so that all who are interested may know exactly what action has been taken on all subjects.

Frequently, in the past, there have only been two or three copies of the committee reports available and it is frequently months before these become officially available and it can be ascertained exactly what the commissioners did on any particular subject. Very often the commissioners themselves are in the dark on the action that they have taken.

Ohio Mutual to Build

Western Mutual Fire is planning to purchase a site at Columbus, O., and erect a home office building. It was chartered at Urbana in 1846 but was merged last year with Ohio Grain Dealers Mutual and established offices at Columbus.

Insurance Women of Pittsburgh at a meeting June 3 will hear a talk by Charles A. Morgan, marine supervisor of Home. At a luncheon June 9, the club will honor graduates of its elementary insurance course and scholarships to advanced courses will be awarded to the four students compiling the best records.

Highly Protected Risk Plan Given Green Light in N. C.

RALEIGH, N. C.—Commissioner Cheek has given the green light to North Carolina Fire Insurance Rating Bureau's new rating plan for highly protected risks, regarded generally as designed to compete with the factory mutual plan for manufacturing risks.

The plan was filed for Factory Insurance Assn., the improved risk mutual group and Liberty Mutual. It is available, however, to any other companies which can qualify and are interested in offering this type of coverage.

The commissioner announced he was approving the plan almost in the form it was presented at a public hearing March 24. There were some minor changes, all of editorial nature, which did not materially affect the plan. It will become effective in North Carolina June 1. It is anticipated that similar plans will be filed immediately in other states and probably eventually in all of them.

The new plan offers the manufacturer a package policy at a single composite rate. The coverage includes fire, extended coverage and additional hazards as well. The list of occupancy classes eligible for the rating plan is greatly expanded.

Identical War Exclusion Asked for Fire and E.C.

National Assn. of Insurance Brokers and the New York chapter of National Assn. of Insurance Buyers have written Insurance Executives Assn. a joint expression of their belief that a confusing and undesirable nonconformity exists between the war risk exclusion clause of the fire form and that clause presently used in the extended coverage endorsement No. 4.

In addition, the letter points out, the new E. C. war exclusion is not uniform in all E. C. endorsements. The original war risks exclusion clause applies to actual acts of war only and not to peace time conditions. As a result of the new clause there has developed a gap in coverage of insured that did not previously exist.

If the new clause continues in use, the gap could only be closed by government insurance or reinsurance. To invite peace time government participation in the business is certainly an invitation that the business will ultimately regret, the letter points out.

Clause Is Ambiguous

Further, the new exclusion itself is ambiguously and loosely worded. Under its language, liability might be denied for explosion damage caused by a member of the Communist party in connection with a strike, for example. This is coverage to which insured is entitled. The clause lays great stress on denial of liability in connection with atomic fission. The two organizations have consulted with Atomic Energy Commission which is definite in its statement that in reality such a hazard does not exist.

The letter concludes that the war risk exclusion clause in all fire policies throughout the country and the E. C. endorsements attached to them should be uniform. There should be no gap in peace time cover that would invite the government to extend itself into this field. The wording should not be so controversial, and denial of liability on atomic fission is meaningless except in its bad public relations effect.

The two organizations recommend the clause used in the standard fire policy be restored in all E. C. endorsements.

Fresco Thompson, vice-president of the Brooklyn Dodgers, spoke at a dinner meeting of **New York Mariners Club.**

Light Occupancy Minimums Reduced in Dean Revision

The revision of the analytic system that is being filed by the rating bureaus in the middlewest involves about 75 of the 260 pages of the schedule. Three states in the last week have approved the revision, they being Minnesota and North and South Dakota.

One of the important changes not mentioned in THE NATIONAL UNDERWRITER last week is a reduction in the minimum gross rate on all buildings that are exclusively light occupancies. The change here is from 15 cents to 12½ cents per $100, and this results in a reduction in the net minimum to .038 cents per $100 when the 80% coinsurance clause is used and .034 cents under the 90% clause. The minimum rate in rule books in the midwest states has been 4 cents. In states adopting revision 19 this would be reduced to 3 cents to permit application of revised minimums for the light occupancy class.

The light occupancy risks are those as enumerated in the schedule, and include public buildings, churches and educational institutions, fire resistant hospitals, and buildings occupied only by offices, and banks.

This revision was first adopted some months ago in most states on public buildings, and is now included in the schedule and extended to all light occupancies.

This is the 19th revision of the analytic system since it was completely overhauled in 1921. Western Actuarial Bureau, which does the research and makes recommendations on revisions, keeps the schedule current with the trends in fire hazards, following such changes as those in building development, new processes in industry, use of hazardous materials, and construction and occupancy.

Barclay Md. Bureau Head

F. John Barclay, vice-president of Maryland Casualty, has been elected chairman of the board of governors of Maryland Fire Underwriters Rating Bureau. He succeeds Harry F. Ogden, executive-vice-president of U. S. F. & G., who has been chairman and treasurer of the bureau since its organization in 1946.

Mr. Barclay has been in charge of the fire and inland marine division of Maryland Casualty since it entered the fire insurance field.

Sig Arndt Makes Change

Sig C. Arndt, vice-president of the general agency of Finn, Smith & Medcraft and widely known as a performer and organizer of entertainment programs for insurance groups in northern California, has resigned to become a member of the brokerage firm of A. M. Bender & Co., San Francisco.

Mr. Arndt entered the business with Fireman's Fund, later was in a local agency at Kingman, Ariz., and returned to San Francisco in 1933 to join Finn, Smith & Medcraft as special agent, later becoming superintendent of agencies and for several years vice-president in charge of agencies and production. The Bender brokerage office was established in 1881.

New Manager at Portland

Balfour, Guthrie & Co. has appointed Laurence Oliphant manager at Portland, Ore. He succeeds Leonard Walling, who has joined Atlantic Mutual. Mr. Oliphant was formerly with Robert O. Fleming & Co., Seattle.

Rouse S. F. Forum Speaker

Marshall K. Rouse, schedule manager of Pacific Fire Rating Bureau, will discuss "Rating Methods, Past, Present and Future" at the May 28 luncheon meeting of Fire Underwriters Forum of San Francisco.

Ekberg Washington Trustee

David A. Ekberg of Frank Ekberg & Co., Tacoma, has been elected to fill the unexpired term of the late Arthur H. Bassett as a trustee of Washington Assn. of Insurance Agents.

Mr. Ekberg is immediate past president of the Pierce County association. The appointment was approved by the executive committee of the Washington association.

Mountain, Kiefer to Aetna Fire Head Office Positions

Rush W. Carter Is New Manager of Western Department

Harry M. Mountain, vice-president of Aetna Fire and its subsidiaries, on July 1 will take charge of the over-all casualty operations of the group. He is

RUSH W. CARTER

being transferred to the home office from Chicago, where he has been manager of the western department.

Harold B. Kiefer is being transferred from Chicago to Hartford to take over supervision of the agency and production department. Now manager of Century Indemnity, Mr. Kiefer in his new post will succeed Vice-president Frank S. Becker, Jr., who recently retired.

Succeeding Mr. Mountain at Chicago will be Rush W. Carter, now assistant manager of the fire companies in the western department.

Mr. Mountain has had a long, successful career with the Aetna group. He joined the organization in 1921 as a map clerk in the western department. He served in various territories as special agent and department manager, and in 1944 was named assistant manager of the western department. In 1950 he was elected vice-president and manager of the western department, and in 1951 he was advanced to vice-president of all companies of the group.

A New York City native, Mr. Keifer has been in the insurance business for more than 32 years. He served in various claim division capacities and in 1945 was made manager at Chicago of Century Indemnity.

Mr. Carter joined Aetna in 1923 as an examiner in the farm department at Chicago. He advanced through special agent capacities and in 1941 he was named to his present post as assistant manager of Aetna's western department.

I.M. Claim Men Elect

Inland Marine Claim Assn. at its annual meeting in New York elected James M. Coppins of the Glens Falls president; Walter A. Kovats, Hartford Fire, vice-president; Charles T. Russ, Fidelity & Guaranty, secretary, and Richard H. Greene, Northern of N. Y., treasurer.

Longley-Cook to Speak

Laurence H. Longley-Cook, actuary of North America, will speak on "The Actuary and Fire Insurance" at the May 28 meeting of the junior branch of the Actuaries Club of New York.

L. C. Lewis Hits "Voting Power" Idea of Deciding Issues

This week, as its leading article, "The North America Fieldman" will publish "The Principles Which Guide the Insurance Company of North America." These were stated in a talk to service office managers by Ludwig C. Lewis, vice-president of North America, on March 25.

North America also published a full-page, four-color advertisement in The Saturday Evening Post, enunciating the principle of true private enterprise, and paying tribute to the American agency system for the part is has played in the comany's progress.

Mr. Lewis said, "In its 160 years North America has had ample opportunity to observe the importance of paying attention to the public interest, and doing it better than the government. I call that way of doing business true private enterprise."

The public is entitled to protection against insurable losses with the broadest forms possible, at reasonable rates, backed by unquestioned financial strength, he went on.

This is best served when there is flexibility in underwriting practices. A company cannot be wedded to tradition and serve the public interest. "We must change to keep pace with the economic growth of the country. We must look ahead. And this job must be accomplished on the basis of true private enterprise.

"I have observed occasions when insurance companies did not heed the basis of true private enterprise, and inevitably it brought trouble.

"Our competitors and our associates in the business of insurance consider it essential to decide issues of grave public importance on a voting basis. Under no circumstances are we prepared to be voted out of the principles which we have insisted upon adhering to and which have worked out so well. In addition, we will not permit others through voting power to restrict our legal underwriting privileges and obligations.

"This idea of gearing progress to self-imposed and arbitrary voting rules is, we believe, contrary to true private enterprise and contrary to the public interest. There would be no automobiles on the roads today, if the pioneer automakers had submitted their ideas to the voting power of the wagon makers.

"It has been a basic principle with us that the policyholder's interest comes first and in that way we well serve the stockholder.

"Building and maintaining the financial strength that enables us to weather losses in any one year or two, or losses in various classes of business is therefore vital to our operation in the public interest on the true private enterprise theory. It helps us to keep our ship on an even keel during rough weather and when venturing into uncertain waters.

"Our position today is unique. It results from the principles we have followed for 160 years. It is a position we can maintain only by continuing to follow these principles.

"We believe that it is in the public interest to keep abreast of changing conditions, and to provide insurance protection for those who need it. It is in the public interest for us to adhere to the true private enterprise theory, to do our jobs better than the government, at a reasonable profit. It is in the public interest to maintain the financial strength necessary to pay losses promptly and fairly and have the resources required to pursue a steady course.

"The success of our company can only be measured in its service."

Bay State Club Elects

BOSTON—Robert H. Kutteruf, special agent of Hartford Fire, has been elected president of the Bay State Club, succeeding I. H. Worth of London & Liverpool & Globe. F. E. Grant, Caledonian, is vice-president; S. A. Bigson, Phoenix-Connecticut, secretary, and R. L. McGinnis, Aetna, treasurer.

K.C. Buyers Hear Hogg

John G. Hogg of the London Lloyds brokerage firm of Hogg, Robinson & Capel-Cure, who is temporarily acting as manager of the Lloyds department of R. B. Jones & Sons of Kansas City, spoke at a luncheon meeting of Kansas City Insured Members Conference on "Lloyds of London and Its Place In The American Insurance Market."

Over 100 at Chicago Inland Marine Rally

Mutual Men Exchange Underwriting Ideas, Hear Jeweler

More than 100 underwriting men gathered at Chicago for the annual inland marine underwriting conference of Transportation Insurance Rating Bureau. Chairmen of the various sessions were D. N. Varney, Hardware Dealers Mutual Fire; Thomas LoCasale, Liberty Mutual Fire, and T. L. Osborn, Jr., National Retailers Mutual.

Except for an address by George Arbogast of the Chicago Jewelry firm of Arbogast & Holdorf, the entire program was on an informal discussion basis, with representatives of the various companies explaining their approach to certain problems.

Mr. Arbogast called for closer cooperation between underwriting and loss departments with respect to personal jewelry coverages. Noting that underwriting departments expend considerable effort in developing a sales force and appealing policies, the speaker deplored attempts of some adjusters to reduce legitimate replacement charges of reputable jewelers, or to approve replacements of an inferior quality to the items lost or damaged.

"Moral Hazard" Biggest Factor

The "moral hazard," Mr. Arbogast said, is still the most important in jewelry underwriting. Once personal integrity has been established, however, loss adjustment officials should make every effort to replace a loss with "like kind and quality" as per the insuring agreement.

A vast amount of technical knowledge is needed in order that a jeweler be qualified as an appraiser, Mr. Arbogast stated. Because of this, and because appraisals take so much time, he said a jeweler is reluctant to make insurance appraisals, customarily done at no charge, unless the company gives reasonable assurance the jeweler will have a chance at the replacement business, instead of being by-passed to affect a small saving. He urged that companies require complete apraisals devoid of ambiguity.

Mr. Arbogast said there were more than 2,000 members of the American Gem Society whose replacement and appraisal services would be reliable and would assist in "closing the gap" between jewelry insurance selling and underwriting on the one hand and loss settlment procedures on the other. To reduce troubles arising from partial losses, he recommended that all jewelry be appraised at retail prices and insured on that basis.

With R. I. Bushnell, Holyoke Mutual Fire, and W. F. Whipple, Michigan Millers Mutual Fire, as panel members, there was a discussion of the personal property floater with most of those in attendance agreeing that considerable attention must be given this coverage if satisfactory loss ratios are to be realized. A minimum policy amount, with most companies using a $5,000 figure, has come into vogue as one way of getting at the problem. Use of deductibles was advised as was conversion of some PPF assured to dwelling content floaters, leaving only higher value assured under the PPF. It was pointed out by some that too often PPF's are sold on a basis of what an agent can get out of assured in the line of premium, rather than on writing insurance properly to value.

Mr. LoCasale commented that the all-risk type of transportation floater was becoming more popular. It is being accompanied, he said, by high deductibles since many assured prefer to carry smaller frequency losses themselves. Long-haul motor truck cargo business has been favorable, he said, citing stock company figures showing an annual premium volume of about $27 million with a loss ratio of 28%. It was brought out that an advantage of this line is that it is "judgment rated," with immediate adjustments possible should experience start to sour.

Discussing the contractors' equipment floater, E. R. Sturgeon, Employers Mutual Fire of Wausau, said a regular rating formula was needed, and Earl S. Jensen, Grain Dealers Mutual, advocated a formula which would include a broad element for judgment. Carl Tomlinson, Central Mutual, also was a panel member.

A farm equipment and livestock insurance panel consisted of L. S. Peaks, Country Mutual Fire; M. J. Dixon, Minnesota Farmers Mutual; W. L. Trankle, Farmers Mutual Liability and Earl H. Myer, Indiana Farmers Mutual.

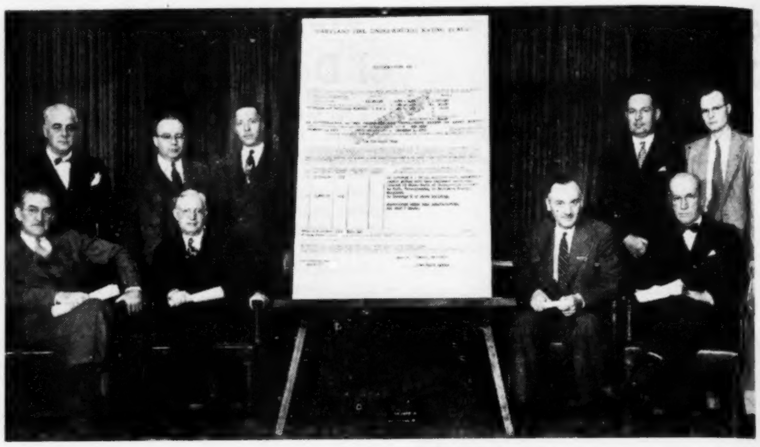
Wants Simpler Applications

The relationship between producers and underwriters was considered by John B. Read, Chicago agent, and E. C. Wheeler of Liberty Mutual. Mr. Read advocated simpler application forms as an aid in obtaining PPF business. Between 80% and 90% of present and potential assureds today are resistant to increases in premium charges, he averred, adding that excessive questioning at the time of securing an application tends to play up that resistance.

Mr. Osborn said present questionnaires in general only ask such questions as are material to sound underwriting. The fullest possible underwriting information is required today on jewelry and fur lines in particular, he said, because "there is no doubt," that experience in these lines is beginning to go bad.

Howard Heath, Northwestern Mutual Fire, and F. E. Binninger, Indiana Lumbermen's Mutual, conducted a panel on the comprehensive dwelling endorsement. Mr. Varney and A. A. Henseler, Hardware Mutual, discussed the comprehensive hardware and implement dealers floater. A number of other inland marine topics not previously covered were treated by E. C. Jones, Iowa Hardware Mutual; A. P. Jones, Mill Owners Mutual Fire, and Eugene Bradley, Lumbermen's Mutual of Ohio.

Hold "One-Write" Policy Forums



Conference leaders for the one-write educational meetings—front row, from the left: Frank A. Doyle, president of Assn. of Insurance Underwriters of Baltimore; P. J. Hess, Harry M. Gibbs, Jr., and J. W. Boone, of the field club. In the back from the left are: James G. Maloney, Home, president of the field club; F. Addison Fowler, educational chairman of Maryland Assn. of Insurance Agents; Harry G. Blohm, Home, and Edward C. Garbe, Royal-Liverpool; Robert W. Todd, Maryland Fire Underwriters Rating Bureau.

Delaware-Maryland-District of Columbia Fire Insurance Field Club, in cooperation with Maryland Assn. of Insurance Agents and Maryland Fire Underwriters Rating Bureau, have completed an educational program in the state on the one-write policy. Conferences were conducted at Baltimore, Frederick, Easton, Cumberland, Salisbury, Hagerstown, Chestertown, Pocomoke City, Elkton and Hughesville. There was a total attendance of 533.

The conferences were arranged by a committee of the field club headed by Harry M. Gibbs, Commercial Union; P. J. Hess, America Fore, and J. W. Boone, Home. Robert W. Todd represented Maryland Fire Underwriters Rating Bureau and F. Addison Fowler, chairman of the Maryland agents' educational committee, cooperated with the local boards in securing meeting places for the meetings.

Likens Flood Cover to Life Insurance for 85-Year-Olds

The flood insurance plan recommended to Congress by President Truman would not work, according to A. L. Kirkpatrick, insurance manager of U. S. Chamber of Commerce, who addressed a meeting of Philadelphia Loss Conference.

The plan, he said, would be doomed from the start, either to become a federal subsidy plan masquerading under the name of insurance, or it would not be available to those who most need help and whom the sponsors profess to be seeking to help.

Mr. Kirkpatrick likened the proposal to one that might be made for organizing a company to write insurance on persons 85 years old or older.

"Such a company," he said, "would have to collect a premium of something like $325 for $1,000 of insurance for an ordinary life policy issued at 85. In the case of a person 90 years old, the premium would be $595."

One owning property on a hilltop would not voluntarily pay premiums for flood insurance, he declared. The only persons who would be interested would be valley dwellers expecting almost certain floods and no plan called insurance could exist on such a basis.

U. S. Chamber of Commerce, he said, "has tried diligently in recent years to get the federal government to adopt and carry out a sound program of flood control, which, had it been done, would have prevented recent flood disasters. The bald truth is that federal agencies, notably the Interior Department, are more interested in the development and control of hydro-electric power than in flood control. These federal planners are more to blame than anyone else for the flood toll of recent years."

August W. Lauterbach, Colby local agent, has been named a district director of the Kansas Chamber of Commerce.

Oliver Blase Heads National Assn. of Insurance Brokers

Ask Catastrophe Risk Inquiry, Urge Support of Model Licensing Bill

NEW YORK — Oliver Blase of St. Louis was elected president of National Assn. of Insurance Brokers at the annual meeting of directors here, succeeding George S. Middleton of Chicago, who retired after four consecutive terms. Hal D. Willson of San Francisco and Thomas W. Sweeney of New York were elected vice-presidents; John O. Cole of New York, treasurer, and Barclay Shaw of New York, secretary.

G. S. Middleton

Directors elected are Nelson J. Birkholm, Arthur H. Kindler and Mr. Willson, San Francisco; Bernard A. Davidson, John Langhorne, Eric W. Peniston and C. C. Thomas, New York; George P. Cronk and Fred S. Hughes, Los Angeles; Mr. Blase, Merlin J. Ladd, Boston; George M. Proctor, Chicago; Clyde H. Scott, St. Louis, and A. E. Wooddy, Baltimore.

Among subjects on which written reports were submitted were those affecting commissions under regulation 30, war damage and flood insurance, state licensing legislation for brokers and agents, public information and return commissions.

Reexamine Catastrophe Risks

Government expansion into insurance in connection with war damage and other forms of so-called catastrophe risks was treated in some detail. The governing committee was instructed to reexamine the whole problem of catastrophe risks in order to inform the public as to which of such risks are insurable and which are not. National Assn. of Casualty & Surety Agents and National Assn. of Insurance Agents are to be invited to cooperate in the project.

Directors of the brokers association voted continued support of the model bill on agents and brokers qualification and licensing, which presently is being considered by a commissioners' subcommittee. They also voted continuation of its public information program in the business and to the public, the establishment of regional membership committees under an association director, reexamination of the effect of the all-industry rating laws and the existence of a competitive market on the basis of the actual experience of recent years and agitation for adoption of anti-coercion legislation in states which have none.

The group went on record as unalterably opposed to regulation of commissions by law. A contribution to American Institute for Property & Liability Underwriters was authorized.

Superintendent Bohlinger was the guest at a reception and dinner given the National association by Insurance Brokers Assn. of New York State.

Give Program for Counsel Convention at Lake Placid

The program for the annual meeting of International Assn. of Insurance Counsel has been partially completed for the event at Lake Placid, N. Y., on June 18-20. The three days will be crowded with recreational activity as well as convention meetings with golf, bridge, fishing and canoe racing contests slated for both delegates and wives.

At the opening session A. L. Kirkpatrick, manager insurance department U. S. Chamber of Commerce, will speak on "Will Government Assume the Risks of Life?" First day speakers will also include members of an open forum headed by Denman Moody, Houston; Forrest A. Betts, Los Angeles and Lionel P. Kristeller, Newark. Participants in the forum and their topics are: E. D. Bronson, San Francisco, "Activities and Objectives of Plaintiffs' Attorneys Who Foster the 'Adequate Award' "; Rupert G. Morse, Kansas City, "Reinsurance Companies' Viewpoint of the Recent Trend Toward High Verdicts"; Gordon H. Snow, Los Angeles, "Primary Insurers' Viewpoint of the Recent Trend Toward High Verdicts"; Lester P. Dodd, Detroit, "Trial Attorneys' Viewpoint of the Recent Trend Toward High Verdicts." On the evening of the first day the president's reception will be held followed by a dinner.

Second day forum will be moderated by Clarence W. Heyl, Peoria. Panel members and topics are Lamar Cecil, Beaumont, Tex., "Preparation and Presentation of Medical Evidence"; Wayne E. Stichter, Toledo, "Cross-Examination of Witnesses"; Leslie H. Vogel, Chicago, "Preparation of Witnesses for Trial"; and Mr. Betts, "Defense Jury Argument Which Would Tend to Defeat the High Verdict."

The last day of the convention is scheduled for business sessions including election of officers and members of the executive committee. Presiding at the meetings will be President Joseph A. Spray, San Francisco.

Maxwell Resident Secretary, Scott State Agent in Home Midwest Changes

Robert L. Maxwell has been appointed a resident secretary of Home at Chicago.

Mr. Maxwell started with the company in 1929, and in 1934 was made a marine special agent at Detroit. In 1936 he was transferred to Chicago as a marine supervisor and in 1941 was made marine manager of that office.

Home also has promoted Wilbur F. Scott to state agent at Indianapolis. Mr. Scott succeeds former manager Alwin E. Bulau, who was recently elected assistant secretary and transferred to the head office. Mr. Scott, who had previously been with National Inspection, joined Home in 1942 as a special agent in Indiana. He was appointed associate state agent there in 1947.

Loss of $1,700,000 in Fire at Warner Bros. Studio

LOS ANGELES — Tentative losses arising from the fire at Warner Bros. studios last Friday have been estimated by General Adjustment Bureau and Toplis & Harding, adjusters on the loss, at $1,200,000 on properties and $500,000 on inland marine floater policies. Cosgrove & Co. are the brokers on the line, with the property loss covered by 51 companies and the inland marine floater loss covered by nine companies.

The property destroyed was sound stage 21, with adjoining sets and structures. The latest theory as to the origin of the blaze is based on electrical faults.

Western Adjustment Names T. J. Palacek, D. H. Mershon

Western Adjustment has appointed Thomas J. Polacek manager at Evanston, Ill., and has transferred Manager Donald H. Mershon from Ashtabula, O., to the Chicago south side branch.

Mr. Polacek started in insurance with Pacific National in 1939. Following war service he joined Western Adjustment in 1946, serving at Oak Park, Ill., for one year before going to Minneapolis where he has been stationed since.

Mr. Mershon went with Western in 1936 at the head office. In 1937 he served briefly at Muncie, Ind., and the Chicago north side branch before being transferred to Green Bay, Wis. On his return from military service, he rejoined Western in 1946 as manager at Ashtabula.

Utica Adjuster Fined

The New York department has imposed the maximum fine of $500 on Anna Ryan of Utica, a licensed independent adjuster, for violating the state insurance law. The department found she had employed unlicensed individuals in the investigation and adjustment of losses and had failed to procure license in the name of J. C. Ryan Co., under which she had been operating.

Joe Moddrell, Jr., local agent, has been named a director of the Wichita Junior Chamber of Commerce.

Catastrophe Cover Bids Filed in Mich.

LANSING, MICH.—Bids to provide catastrophe coverage for state property have been filed almost a year after enactment of an amendatory act authorizing such coverage.

The proposals, submitted by a group of stock carriers through Michigan Assn. of Insurance Agents, and by Associated Factory Mutuals, are based on an extensive survey of state properties. The stock bid, based on an estimated "reasonable replacement value" of $240 million, would provide $500,000 deductible blanket coverage "per occurrence" at an annual premium of $176,240. This would cover fire, extended coverage, vandalism and malicious mischief, the last-named obviously of exceptional importance in the light of the recent prison riot at Jackson which caused damage estimated at least at $1,100,000, much of it direct fire loss.

The Factory Mutuals bid, while not reported from official sources as yet, is said to be based on a $295 million valuation and to carry an annual premium deposit of $361,193, "less unabsorbed premium" of $174,000, or a net cost of $186,893.

Inspired By Office Building Fire

The Michigan association was active in obtaining the legislation authorizing this type of coverage, drafting a proposed bill and supporting it strongly in the legislature following the multi-million-dollar state office building fire of February, 1951. A few years ago the fire fund law had required that all state property be insured on a self-insurance basis in the fund but there had been minor amendments permitting the placing of private coverage on recommendation of the insurance commissioner in cases of concentrated values or exceptional hazards.

Under the new 1951 act, permitting the placing of so-called "catastrophe" cover, the insurance department's fire rating division cooperated in obtaining valuation figures and other pertinent data. This study covered all state properties except those of University of Michigan and Michigan State College, which are under jurisdiction of their respective governing bodies. Proposals were prepared on the basis of $100,000, $250,000 and $500,000 deductible, with the proviso that the coverage must be on a valuation exceeding $100 million.

Actual purchase of coverage must be made by the state administrative board but no contracts are likely to be signed at least until after the fall election and probably not until after Jan. 1, 1953, when a new legislature and state officials would take office.

Rules for $1,000 Deductible Collision Effective in N. Y.

NEW YORK—Rules for writing $1,000 deductible collision on private passenger autos have been inserted in the New York auto physical damage manual. Premium for this coverage is 20% of the manual collision premium. At the same time rates for $1,000 deductible on commercial autos have been doubled, going from 10% to 20% of manual $100 deductible collision.

The latest revision in New York also permits writing physical damage covers on auto homes for five years. Collision rates on private livery autos were reduced to 1½ times manual premiums.

Change to new automobile dealers forms A and B, under way in most states, has been accomplished in New York. Form A is a monthly reporting form, and form B blanket non-reporting. Separate policies may still be issued on each dealers automobile, but at rates for form A. Blanket rates may not be applied to separate policies.

Ia. National Mutual Changes

Ray J. Mills, who has been president of Iowa National Mutual since 1941, has been elected chairman of the board, a position which has not been filled in recent years. Mr. Mills has been with the company since 1920, and he will continue as a member of the executive committee.

Harry D. Durham, vice-president and general manager, was elected president and general manager. He had been appointed general manager last year when Mr. Mills stepped down from that position. He has been with the company for 25 years and before that was with the Iowa department.

G. W. Hopkins, vice-president and agency supervisor since 1941, has been elected senior vice-president and secretary. He has been with the company since 1934.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
May 20, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00	91	93
Aetna Fire	2.25*	53	54
Aetna Life	2.50*	83	85
American Alliance	1.50*	31	32
American Equitable	1.50	25	26
American Auto	2.00	37	38½
American (N. J.)	1.00	24	25
American Surety	3.00	48	50
Boston	2.60*	66	68
Camden Fire	1.00	22	23
Continental Casualty	2.60*	76	77½
Fire Association	2.60	58	60
Fireman's Fund	1.60	56	57½
Firemen's (N. J.)	.80	24	25
General Reinsurance	1.20	31½	32½
Glens Falls	2.00*	55½	57
Globe & Republic	.80	13	14
Great American Fire	1.50*	36½	38
Hanover Fire	1.60	34	35½
Hartford Fire	3.00*	139	141
Home (N. Y.)	1.80	37	38
Ins. Co. of North Am.	2.50*	77	79
Maryland Casualty	1.00	21½	22½
Mass. Bonding	1.60	23	24
National Casualty	1.50*	26½	Bid
National Fire	2.50*	61½	63
National Union	1.80	40	42
New Amsterdam Cas.	1.50	34½	36
New Hampshire	2.00	42½	44
North River	1.20	28	29
Ohio Casualty	1.20	66	68
Phoenix, Conn.	3.00*	85	87
Prov. Wash.	1.50*	30	31½
St. Paul F. & M.	.80	31½	33
Security, Conn.	1.60	33	34
Springfield F. & M.	2.00	46½	47½
Standard Accident	1.60	35	36½
Travelers	14.00*	622	628
U. S. F. & G.	2.00	52	54
U. S. Fire	1.40	45	47

*Includes extras.

Fete Chrissinger on 40th Anniversary

H. B. Chrissinger, manager of National Inspection Co. of Chicago, last week observed his 40th anniversary with the organization, and was honored by the people in the head office who presented him with flowers, a desk lamp and a giant anniversary cake.

Mr. Chrissinger started his insurance career with Sun at Chicago in 1903 as assistant examiner. He was an examiner with the firm when he left in 1912 to

Mr. Chrissinger, left, being congratulated on his 40th anniversary with National Inspection Co. of Chicago, by P. A. Pederson, chief inspector of the company.

go with National Inspection where he was the seventh inspector hired by the late J. G. Hubbell. Subsequently he became chief inspector, assistant manager, and for many years until the death of Mr. Hubbell in January was associate manager.

Mr. Chrissinger's brother, Merrill, who was for 27 years with the Markham agency of St. Louis, is cashier of National Inspection, having been with the firm for 10 years. A son, William P. Chrissinger, is an inspector with National, and another son is a major at Fort Benning, Ga.

Among the visitors to Mr. Chrissinger's office was Charles W. Ohlsen, western manager of Sun, who first became acquainted with Mr. Chrissinger when they worked together at the Sun in 1911 and 1912.

Los Angeles Insurance Day Program Setup Announced

The program for Greater Los Angeles Insurance Day June 4, sponsored by Insurance Assn. of Los Angeles, with the participating organizations and the topics they will be discuss, includes:

Pacific C.P.C.U. chapter—"Excess Limits in Liability Insurance," Kenneth M. Hough, moderator and Willard A. Hayden; "Valuation of Buildings for Insurance Purposes," Edgar H. Donaldson, moderator, and Robert McWilliams.

Pacific Board, Fire Underwriters Assn. of the Pacific, Los Angeles educational committee, Pacific Fire Rating Bureau, Southern California Fire Underwriters Assn. Marshall Rankin, Aetna Fire, chairman; "Insurance, Bulwark of Protection and Credit," Howard F. Worth, Fireman's Fund; "Do Sprinklered Risks Bother You?" L. A. Walling, Pacific Fire Rating Bureau; "Fire Insurance Rating Trends," Joseph T. Silveira, P.F.R.B.; "From Protection Planning to Rate Reductions," panel presentation demonstrating the rate making process, with Howard N. Swift as moderator, and Howard Way as a local agent; John Colton as chief engineer of Pacific Board, Oran Lowery as the chief surveyor of the rating bureau, Louis Algren as a fire chief, Vaughn Shaw as a city manager, Lauren Marks as a field engineer of the board.

"Value of Services of the Stock Fire Insurance Organizations to the American Agency System," address by Robert E. Battles, president of California Assn. of Insurance Agents.

Following luncheon the fire organizations will resume their program, with "Fire Legal Liability Insurance," William H. Levit, attorney; "Business Interruption Analysis." Roy O. Elmore, Hartford Fire; "Telling the Insurance Story to the Public," Frank C. Colridge, general manager Pacific Board.

Surety Underwriters Assn. of Southern California—"Need for Surety Bonds on Private Construction Work," A. L. Blackburn, Hartford Accident, with question and answer period; "Proof of Loss Under Fidelity Bonds," N. E. Anderson, attorney; panel with E. S. Cunningham, Standard Accident, moderator, and A. I. Zimmerman, American Surety; C. J. Beatty, Fidelity & Casualty; O. D. Brink, U. S. F. & G. and Myron C. Higby, National Surety, to answer questions.

Marine Underwriters of Southern California—F. Lincoln Walter, moderator; "What Every Man Should Know about Yacht Insurance," Clyde R. Thornton, Matthews & Livingston; "What Every Man Should Know About Protection and Indemnity Insurance," Richard G. Heimstra, Fireman's Fund.

A. & H. Managers Club—Milton L. Rose, Massachusetts Protective, moderator; "Policy Forms and Provisions," Howard E. Nevonen, Washington National; "Selling A. & H. Under Today's Conditions," Walter Schmitz, Occidental.

Assn. of Casualty & Surety Companies, Surety Fieldmen's Assn., Casualty Underwriters Club of Los Angeles, National Bureau of Casualty Underwriters—Bruce H. McBirney, Fidelity & Deposit, moderator; "Current Casualty Developments," John J. Savage, National Bureau; "Miscellaneous Casualty Coverages," Clark A. Potter, Loyalty group, representing the Underwriters Club; "Automobile Accident Prevention," Dr. Marland K. Strasser, Assn. of Casualty & Surety Companies.

Schmidt to Home Office, North America Names White and Witzenburg in Ia.-Neb.

Joseph S. Schmidt, manager of the Omaha service office of North America, has been promoted to the head office and will assume his new duties about June 1.

Elmer J. White, who has spent his entire insurance career in the North America organization, will succeed Mr. Schmidt. Mr. White will continue to reside in Des Moines.

Leonard M. Witzenburg, special agent at Omaha, will become assistant manager. He will continue to reside in Omaha and will supervise Nebraska operations as Mr. White's assistant in the Nebraska-Iowa area.

Underwriters Eye Metal Workers

In recent years metal workers, both light and heavy, have resulted in such unsatisfactory underwriting results for the fire insurers, that underwriters generally are handling them with real caution. There are several causes for the unsatisfactory record of the class. However, a considerable share of the losses being absorbed by the business today is due to new hazards that have appeared in this field, such as the spraying and dipping employed in the finishing of products, and the introduction of woodworking operations into the class.

One factor involved is that often metal workers are housed in buildings with large, unseparated areas of combustible construction, with wood roof, etc. Where there are no fire division walls, losses naturally tend to be large. In underwriting such risks on pretty much an individual basis, which now is being done more and more, area and construction provide points of departure for analyzing the risk from the viewpoint of the insurer, as to its control of lines.

Hazards of Spraying

Probably the next most important point underwriters watch is the presence of spraying, and the character of the spraying rooms. One key to housekeeping and hazard is whether or not such spray rooms are cleaned daily so that lacquer deposits will not tend to accumulate and bring about fires from spontaneous combustion or static spark. An insured should use a cooling agent with a low ignition point. There should be protection provided from hot metal. Of course, the risk is examined to determine if there are open stairways and elevator shafts which would encourage the vertical spread of fire. If lacquer is used, questions arise as to storage and the process of thinning the material. If woodworking operations are carried on, their extent and their proper segregation are important underwriting points.

Naturally protection is an important feature in a hazardous classification of this kind. Underwriters want to know if there are enough hydrants in the vicinity of the plant to get a proper flow of water to take care of such a fire as well as a large area spread of fire. Where foam systems are used, proper supervision is essential. If private protection is available, it not only helps in case of fire but indicates that insured is aware of the risk and is doing something about it.

Housekeeping is very important. Certainly in a risk of this kind there should be no oily rags, waste or carelessness in cleaning up. Underwriters are alert where there has been a change in ordinary operations to the production of defense materials, which often introduces new operations as well as crowded conditions.

The only way to get a true underwriting bead on a hazardous risk of this sort is to study it very carefully from all underwriting angles, underwriters say.

N.Y.C. Honors Centenarians

Several insurance organizations were honored at a luncheon in New York City in tribute to the fact that they are 100 years old or older. The city bestowed citations for eminent community service. The luncheon was sponsored by the 100 Year Assn. and the department of commerce of the city to observe century of commerce day. Mayor Impellitteri and other city officials paid tribute to representatives of the old-timers.

The insurance organizations so honored included America Fore, Atlantic Mutual, New York Board, Hanover Fire, L. & L. & G., Newark, Pacific Fire, Providence Washington and Royal.

Doran Joins Automobile

Joseph F. Doran has been appointed as staff adjuster at Newark for the fire department of Automobile and Standard Fire. Mr. Doran has been with General Adjustment Bureau for four years at Newark.

Bomse Ass't Foreign Chief

Edward L. Bomse has been appointed assistant manager of the foreign department of Royal-Liverpool. Before joining the group in 1945 he was for nine years with the National Bureau.

Mr. Bomse was in the group's special risks department until 1950 when he was transferred to the foreign brokerage department. He assisted in setting up the new foreign department.

Big Atlanta Project

Ben Massell, well-known builder of Atlanta, is expected soon to start construction of a 12-story office building in the insurance section of Atlanta. The building will be designed primarily for insurance tenants and it is understood that some important commitments along this line have already been secured.

May Revise Examinations

LANSING, MICH. — The Michigan department is reported to be studying the present methods, cost and value of examination procedures with a view to possible changes which would increase efficiency and possibly reduce costs. Herbert B. Thompson, chief deputy commissioner, in explaining the project to the departmental staff, said "we are inviting some outsiders to offer suggestions. Any practice which is followed for a long time may profit by periodic reappraisal and outside criticism," he noted.

Dr. Wallace Sterling, president of Stanford University and chairman of Stanford Research Institute, has been elected a director of Fireman's Fund.

NEWS OF FIELD MEN

Kansas Field Groups Rally at Wichita

New officers elected at the annual meeting of Kansas Fire Underwriters Assn. last week at Wichita are: President, H. J. Schoeppe, Commercial Union; vice-president, John L. Vorse, Security of New Haven; secretary-treasurer, Kenneth J. Stoike, National Fire. The outgoing president is George F. Erickson, New Hampshire Fire.

Kansas Blue Goose, Kansas Fire Prevention Assn. and the Kansas public relations committee also met at Wichita. Host was the Sunflower puddle of Wichita, now in its 18th year.

All Blue Goose officers were advanced, Edward F. McDermott, Home, succeeding C. J. Wintroll, Royal-Liverpool, as M.L.G. New supervisor is E. P. Janousek, Security of New Haven; custodian, George E. Erickson, New Hampshire; guardian, Paul C. Foster, Western Adjustment; keeper, Nick G. Kleber, Phoenix of Hartford, and named in line as wielder was Harlan R. Martin, St. Paul F. & M. Delegates to the grand nest are Mr. McDermott and C. T. Nichols, Springfield F. & M.

Kansas Fire Prevention Assn. advanced President-Elect Deane S. Jaeger, Springfield F. & M., to president succeeding Charles B. Frazier, Aetna Fire, and named A. G. Cory, National Fire, as president-elect, and reelected W. S. Gibbons, St. Paul F. & M., secretary for his fourth term.

N. K. Nelson, Great American, and Gene Thomas, Kansas City F. & M., co-chairmen of Kansas public relations and educational committee, reported a most active year. The program is to be expanded and new chairmen will be announced shortly.

Blue Goose Initiates 18

Blue Goose activities included the annual "splash" at which the model initiation was given to 18 unsuspecting goslings, with Frank Regier, Corroon & Reynolds, in charge of the initiation. The banquet that evening was preceded by a cocktail hour. The golf tournament, with over 100 registered had been held the previous afternoon. About 25 golf prizes were presented at the banquet.

Visiting ganders included J. E. Guy, assistant secretary of America Fore, Chicago, and Walter Luehring, executive supervisor of Western Adjustment, both of the Illinois pond of which Mr. Guy is a P.M.L.G.; M. E. O'Dell, America Fore, and Harry Yankee, Agricultural, both of Kansas City; and W. A. Davis, America Fore, Nebraska pond, who is being transferred to Wichita at this time.

Important business transacted included an increase in dues of $1; authority for the eight members at Great Bend who have been holding regular meetings to form a puddle; increasing from 1 to 2 the number of delegates to grand nest; increase of the fellowship fund.

Twenty-five year pins were presented to Byron S. Ward, Glens Falls; Jim Mott, retired state agent of Great American; Curtman Maupin, Home.

Active Fire Prevention Year

The fire prevention association reported an unusually active year and voted to offer their services to the Kansas Civil Defense for any assistance they might request. This will be in addition to the regular association activities. President C. B. Frazier reported five town inspections during the year at Ashland, Marysville, Leavenworth, Hiawatha and Hays and requests on hand for similar inspections from Dodge City, Kingman, Harper and Hugoton. Over 100 Fire Prevention Week reports went to N.F.P.A. in the international contest. A membership of 149 was reported with 21 of these new members. Some $800 in new equipment including a 16 mm movie projector and 7 fire prevention films were added during the year.

New President Deane S. Jaeger announced plans for increasing the association's work, suggesting that every member make at least one address during the Fire Prevention Week campaign and that prizes be given school children in connection with town inspections for returning home inspection blanks.

The fire underwriters meeting was devoted largely to reports from the many standing committees with retiring President George E. Erickson, New Hampshire, presiding. The work of the public relations committee headed by N. K. Nelson, Great American, and Gene Thomas, Kansas City F. & M., was especially commended. Zone meetings over the state in which Kansas Assn. of Insurance Agents assisted were all well attended. In addition study club classes were held in several towns and insurance women's groups were also active. Association members served as instructors in most of the educational meetings. The film, "Introducing the Policyman," was shown 40 times during the year.

Voorhees Heads Michigan F.U.A.

Michigan Fire Underwriters Assn. held its annual meeting last week at Arbor Hills Country Club near Jackson, and elected W. D. Voorhees, National Fire, as president. Other officers are: First vice-president, Floyd W. Buschlen, Loyalty group; second vice-president, Pierce M. Enes, Automobile, secretary, Richard H. Harrold, Home, and assistant secretary and treasurer, Frank G. Westerman, Boston.

Whaley Named New Head of St. Louis Blue Goose

V. H. Whaley, Missouri Inspection Bureau, was elected most loyal gander of St. Louis Blue Goose at the annual meeting. He succeeds Arthur L. Corey, Travelers, Peoria, Ill.

New supervisor is Earl S. Hannan, Western companies; custodian, Stanley L. Bodman, Marine Office of America; guardian, Roger L. Brown, Underwriters Adjusting, and keeper, Harold G. Scott, American. W. Ayton Cox, Geo. D. Capen & Co., was reelected wielder. A class of 23 was initiated, raising the total membership of the pond to 285.

A life membership was presented in absentia to James W. Evans, state agent of National, who is ill and could not attend the meeting. Mr. Evans, who is retiring from active work June 30, became a member of the St. Louis pond in 1915. A 25-year pin was presented to Riley E. Finnegan, Adjustment Service Co.

Mr. Corey was presented with a matched set of luggage. He was transferred to Peoria by Travelers several months ago. A memorial service was held for four members who died the past year: John W. Herd, retired, formerly state agent of Scottish Union; W. B. Clinite, Missouri Audit Bureau; E. J. Hepp, Springfield F. & M., and T. J. English, adjuster.

Nettles, Fleming Reassigned in South by Aetna Fire

Special Agent Stephen Nettles of Aetna Fire has been transferred from Virginia to South Carolina, and P. Stockton Fleming, special agent, has returned to Virginia after being discharged from service.

Mr. Nettles, prior to joining Aetna in 1950, was with South Carolina Inspection Bureau. In 1950, after completing special training in the home office he was appointed special agent in Virginia. In his new position Mr. Nettles will be associated with William F. Prioleau, state agent, with headquarters at Columbia, S. C.

Mr. Fleming went with Aetna Fire in 1949 after war service. He received training in the underwriting departments and in 1950 was appointed special agent in Virginia. Two months later he was recalled to active duty in the armed forces.

New Phoenix Appointments in Michigan, Missouri

John F. Kennedy has been appointed special agent of Phoenix of Hartford in western Michigan. He will replace Special Agent Robert G. McKay, recently transferred to New Hampshire and Vermont. Mr. Kennedy is a graduate of University of Connecticut, an army veteran and has had underwriting training at the home office.

Henry Teicher has been appointed to the western Missouri field. He formerly traveled that field for Royal-Liverpool and has spent his entire career in insurance except for navy service.

Hendrickson Named Oregon State Agent of St. Paul

Frank Hendrickson has been appointed state agent at Portland, Ore., for the St. Paul group to fill the vacancy left by the retirement of Lou Centro. Roy Ekman is being assigned to Portland as special agent June 1. For several years he has been in the San Francisco office, most recently in fire engineering work.

St. Paul group has appointed Paul Jones special agent at Seattle to succeed James Young, who is entering local agency work at Los Angeles. Mr. Jones started with Pacific Fire Rating Bureau in 1947 and later was with National Union. He joined St. Paul early this year.

Inspect Fredericksburg, Tex.

All members of the Alamo Field Club, together with D. W. Ford, Wayne Rogers and Carter Chapman of the Houston Field Club took part in the inspection of Fredericksburg, Tex. The fire department and members of the chamber of commerce gave the fullest cooperation.

Plan N. J. "Day of Fun"

New Jersey Insurance Fieldmen's Assn, will hold its "day of fun" May 27 at Rock Springs Country Club, West Orange. It will include a golf tournament.

Aetna Names Johnson in Tex.

John C. Johnson has been named special agent in southeast Texas for

Loss Executives Annual

The Loss Executives Assn. will hold its annual meeting June 25-27 at Manchester, Vt. Ward Cunningham of Chubb & Son is president and Arthur Gehrig of the Potomac is chairman of the committee in charge.

Aetna Fire group. Mr. Johnson has had experience in the underwriting departments of the home office and is a graduate of Aetna's multiple line training school. His headquarters will be at Houston.

Wilson Joins America Fore in Connecticut Field

America Fore has appointed Augustus M. Wilson as special agent for the fire companies in Connecticut. He will be associated with Thomas J. Walsh, special agent, under the supervision of State Agent Parker Spaulding, with headquarters in Hartford.

Mr. Wilson entered insurance at Putnam in 1932 with his own local agency. More recently he has been in the Connecticut and Rhode Island field.

Millers National Appoints Cooper Oregon Manager

Millers National has appointed Ted N. Cooper resident manager at Portland, Ore. He succeeds Richard French.

Mr. Cooper for 2½ years has been special agent for General of Seattle in Oregon, and had previous field experience with the C. B. DeMille general agency and the Loyalty group.

Lygate with St. Paul in La.

The St. Paul companies have appointed Jack Lygate special agent in Louisiana to assist State Agent Carl J. Schumacher. The change follows the retirement of Manager J. L. DeTreville. Mr. Lygate has been in insurance work for several years, recently as western Kansas state agent of Royal-Liverpool at Wichita. He also served in the Missouri field.

Sunflower Puddle Elects

Sunflower Blue Goose puddle at Wichita has elected Walter Besore, Northwestern National, big toad, succeeding Ivan Snow, Underwriters Adjusting, Hutchinson; J. N. McConathy, Home, pollywog; W. C. Butcher, Western Adjustment, croaker, and Max Marshall, Phoenix of Hartford, bouncer.

General Names Two in Ohio

Robert J. Brofft, formerly with the Hammerlein agency at Cincinnati, has been appointed field representative there for General of Seattle. He started with Hardware Mutual of Minnesota in 1947.

Samuel K. Robinson, formerly with Liberty Mutual at Harrisburg, Pa., has been appointed field representative for General in the Columbus area, covering central Ohio.

Kersey to Founders in Tex.

E. E. Kersey, Jr., has been named special agent for Founders of Los Angeles in west Texas with headquarters at Lubbock. Mr. Kersey has been in the Texas field and before that was with the Texas insurance department.

So. Cal. Field Rearranged

Fireman's Fund has rearranged its field organization in southern California.

Kenneth E. Parker has been transferred from the Los Angeles Wilshire-Western territory to East Los Angeles and all of Orange county. His former field will be handled by Leander A. Poepl, who started as a junior engineer in 1948 and now becomes special agent.

Fred E. Schinkel, who received his training at the head office and for two years in the underwriting department, has been appointed special agent at San Diego.

Troope Named in Kentucky

Aetna Fire has appointed Thomas J. Troope special agent in Kentucky with headquarters at Louisville. He has specialized in farm business and will devote most of his time to servicing this class of business. Since his graduation from University of Tennessee, he has spent several months preparing for an assignment of this type.

Sacramento puddle of San Francisco Blue Goose will hold its annual outing and ceremonial at Yolo Flyers Club, near Woodland, Cal., June 20.

Arthur H. Cook, America Fore state agent at Wichita, and Mrs. Cook are the parents of baby girl.

N. K. Nelson, Great American state agent, Topeka, is director of work of Arab Temple of the Mystic Shrine there and remained over in Wichita after the Blue Goose and field club meetings for the spring ceremonial of Midian Temple there.

The annual outing of **Connecticut Field Club** will be at Norwich Inn, Norwich, June 5-6.

The Fresno-San Joaquin ponds of the Blue Goose are going to have a silver anniversary ceremony and barbecue at Fresno May 16-17. Most Loyal Grand Gander Charles L. Beale will be there. The ladies auxiliary will give a cocktail party and then there will be a banquet, etc.

Florida Blue Goose has scheduled its annual splash for the Tides hotel, Redington Beach, June 19-20.

The **Blue Goose auxiliary** at Wichita named Mrs. Ivan Hemphill as president; Mrs. Beryl Farrow, vice-president, and Mrs. Ruby Baker, secretary. Mrs. Robert E. Jackson is the retiring president.

CHICAGO

BORWELL'S 25TH ANNIVERSARY

Robert C. Borwell, vice-president, has just observed his 25th anniversary with Marsh & McLennan at Chicago. After graduation from Dartmouth in 1925 he was with the Chicago office of Aetna Casualty as a special agent before joining Marsh & McLennan in 1927. He was elected assistant vice-president in 1937. Before Pearl Harbor he took a leave of absence to become a naval intelligence agent in the plant protection program, returning to Marsh & McLennan in 1941 as vice-president in charge of production.

EXAMINERS PLAN GOLF PARTY

The annual golf outing of Assn. of Fire Insurance Examiners has been set for June 5 at Itasca Country Club. A dinner is scheduled at which prizes will be awarded.

LEONARD ERION OPENS OFFICE

Leonard Erion has resigned as a partner in Frank L. Erion & Co., Chicago. He has been with the adjusting firm for 18 years, and will continue as an independent adjuster at Chicago.

Mr. Erion has had 26 years' insurance experience. He started with Chicago Board as an inspector and rate engineer, was with the brokerage department of Marsh & McLennan, and also served as insurance manager for Alden's, Inc. He will handle fire and allied coverages and marine and automobile losses.

ACCOUNTANTS SLATE KEHOE

The slate of nominees for the annual meeting of Chicago Insurance Accountants Assn. on May 22 is as follows: President, Kevin Kehoe, Rockwood Co.; vice-president, William Bauman, Newhouse & Hawley; secretary, Alva Hagstrom, L. G. Stewart agency, and treasurer, Walter Johnson, Home.

BROKERS GOLF PARTY JUNE 24

Insurance Brokers Assn. of Illinois will hold its "All-Insurance Field Day" June 24 at St. Andrews Country Club. Prizes will be awarded the best and worst golfers.

NEW YORK

MARKS WORLD TRADE WEEK

To commemorate New York world trade week, May 19-23, American Foreign Insurance Assn. has installed a window display in the window of its member company, Home, at 59 Maiden Lane, New York. The flags of foreign nations and a number of foreign-language insurance policies issued by the member companies of the association are on display.

N. Y. BOARD ELECTS

New York Board held its annual election Wednesday. P. W. Barnes, vice-president of Fire Association, headed the slate as president, and T. Morgan Williams, vice-president of Home, was on the list for vice-president.

ACCOUNTANTS DISCUSS PROCESSING

A. H. Lies, North British; R. L. Hildebrandt, Springfield F. & M.; Archer Smock, Great American, and L. L. Hansell, Royal-Liverpool, will discuss processing premiums and reinsurance at the May 27 meeting of Insurance Accountants Assn. in New York City.

MARINE NEWS

Revised Form of Marine Extension Clauses Released

American Institute of Marine Underwriters has released a revised form of the marine extension clauses. The revisions follow changes made recently by the London market in extended cover clauses and the new wording is made available for use where desired by assured or to meet letters of credit requirements or international competition. The changes in the new clauses are in the interest of clarity and are the result of various questions that have come up during the 10-year life of the marine extension clauses.

Because these clauses are believed to more clearly state the intention of the cover, it is felt that they will be to the benefit of both the assured and the underwriters and it is hoped that in a gradual fashion they will eventually replace the marine extension clauses which are in current use and which were last rewritten in 1943. The purpose of the extension clauses is to continue the marine coverage during delays in transit which are beyond the control of the assured. The clauses do not apply to war risks.

Western Adjustment Holds Inland Marine School

Western Adjustment last week conducted a two-day inland marine school under the supervision of R. M. Ryan, marine manager, and S. O. MacLean, assistant marine manager at the head office. There were 27 men, representing all of the key locations serviced by Western, attending, and all of the organization's inland marine supervisors and selected adjusters were on hand.

The curriculum was presented on a seminar basis and consisted of a combination of advanced topics prepared by specialists from the field and the head office. A review of aspects of transportation insurance was given by R. S. Treichler of Minneapolis at the opening session, and the balance of the first day's program was devoted to personal lines of inland marine under the direction of J. M. Tinklepaugh of Kansas City.

The second day there was a general discussion on "Conflicts of Coverage," and an analysis of the agreement of guiding principles. B. R. Lothgren, executive assistant, discussed the agreements and the reasons behind the precedents established between the companies.

H. E. Adamson of Cincinnati presented a paper on the jewelers' block policy, and the final talk was by Mr. MacLean on "Bailments."

Western has plans under consideration to establish this type of school on a regular basis, and the material presented at these sessions will be sent to the branch offices for study by all adjusters under the supervision of those who attended.

A total of more than $100,000 was raised by 80 **insurance men** in the United Jewish Appeal of greater New York. Leo Frenkel of the Frenkel & Co. brokerage firm was presented a scroll for his service for five consecutive years as chairman of the insurance business' UJA efforts.

EDITORIAL COMMENT

Management as Investment in Future

The point that is impressive about companies, and agencies, that have sincerely tried to apply management principles to their businesses, particularly the development of key personnel, is that good management is an investment in the future. Adoption of good management practices often produces immediate, beneficial effects such as savings in costs. But to some extent procedures set up properly today, and to a great extent sound policies for developing men, deliver results five, ten and 20 years from now.

Thus the executives of today can—and a few of them are—actually delivering a plus into the hands of those who will realize on it years from now. The organization those executives are serving and that are serving them, may benefit after they are gone. For practices and policies acquire the momentum that carries beyond their authors.

It is not surprising that many companies, and agencies, are devoting little attention to a conscious effort to improve their procedures and personnel. These are good times. The problems are generally of too much business, not too little.

Current, day to day operations are not difficult for a man long seasoned in the business. He can exercise any management function called for today fairly successfully. He can play it by ear.

Expenses are high, but sales also are relatively easy. Investments are producing good returns. There are things that need to be done and improvements that need to be made, but the main wheels are rolling. The man who doesn't know, or, what is rare in insurance, the man who doesn't care, can compromise and piece out. He can get by today—and 20 years hence he is likely to be off the scene, where he cannot be reached by retribution.

The man who is planning for the years ahead, and who is sacrificing some immediate pleasure and profit for tomorrow, also is not likely to be in a position to get a return 20 years from now. It is a contribution he makes. He is planting strength that will bear fruit beyond the time he will be able to share it, or all of it personally. He is not profit taking, consciously or unconsciously.

It is literally true that men's pasts live after them, some of it good, some of it bad—and a lot of it plain blank.

Big Buildings and Values in Small Towns

Construction of large office buildings and super-markets in small towns or semi-rural areas introduces a problem both for underwriters and for local fire departments. A building code and a fire department set up to deal with the small mercantile risk and a residence area becomes suddenly of little or no value when an attempt is made to apply them to the physical and value concentration in the large office building or the super-market.

The foresighted village, township or town would do well to set up some standards of construction and fire protection to apply to some of these concentrated fire risks before they actually get ready to move into a community. Thus a fire department which is ample to deal with the small mercantile risks and the dwelling houses normally found in the town or semi-rural area becomes just about helpless when called upon to deal with a fire in a 5- or 10-story building or with a fire which has a chance to spread immediately over the wide areas of the super-market. There is nothing more illogical than that the taxpayers in one of these areas should be called upon to provide the kind of fire department sufficient to cope with a fire in the larger risk when that larger risk is introduced by one business or property owner. It is up to that business or property owner to provide the modern means of self protection such as automatic alarm systems, automatic sprinklers, careful watchman service and the other protective and preventive methods which help to bring the large risk into the same fire controllable possibility of the average risk in the community. It is an imposition upon the local taxpayers if they are expected to provide the kind of fire department that could hope to struggle successfully against a fire in what would be a monster physical and value concentration.

Seemingly no suburban area today can count itself free from entry of the big super-market or the large office building. Thus forehanded action becomes just about the only preventive to safeguard the community against exorbitant demands for municipal protection for the benefit of a single taxpayer. Very often the insurance man in the community will be the only one there who can foresee coming demands for fire protection from the large risk that does not fit the average exposure in the area, and urge appropriate action.

PERSONAL SIDE OF THE BUSINESS

Manning W. Heard, the new president of Assn. of Casualty & Surety Executives, was born in 1896 at Baton Rouge, La., and he got a law degree at Tulane. He served with the A.E.F. in the first war as first lieutenant in field artillery. He was assistant district attorney in the parish of New Orleans in 1920 and 21, and then entered the practice of law with the firm of Monroe & Lemann. Later he became attorney for the old Union Indemnity of New Orleans and affiliated companies. He went with Hartford Accident in 1933 as an attorney in the fidelity-surety claim department, became secretary in 1937 and vice-president two years later.

Manning Heard

Georgianne Wherry, daughter of **Sim E. Whery,** resident vice-president of Home at Los Angeles, and Mrs. Wherry was married there to Lt. Rodney Phillips, U. S. A. Joanna Wherry, twin sister of the bride, was maid of honor. The newlyweds left for Ft. McClellan, Anniston, Ala., where the groom is stationed.

Murray D. Lincoln, president of the Farm Bureau companies of Columbus, O., was a speaker at the annual meeting of the Laymen's Fellowship of the New Hampshire Congregational Conference at Laconia.

E. M. Stadel, executive secretary of Oregon Assn. of Insurance Agents, has now been able to return to his home from a lengthy hospitalization. It will be some time, however, before he is able to return to the office.

Owen B. Hunt, independent adjuster of Philadelphia and former insurance commissioner of Pennsylvania, has returned from a two-week visit to a hundred or more company offices as far west as the Pacific Coast. Mr. Hunt is serving his third term as president of American Anti-Vivisectionist Society.

J. Y. Dickerson, Loyalty group state agent, Topeka, a past most loyal gander of Kansas Blue Goose and long active in field club affairs, was honored by a surprise party given by his office force on his 25th anniversary with his companies. In November he will be initiated into the 25-year club of the Loyalty group at Chicago, the only field man to be initiated this year.

Cliff C. Jones of R. B. Jones & Sons agency of Kansas City and of Kansas City Fire & Marine, has returned from a three months Mediterranean cruise. He had the pleasure of finding a new granddaughter on his return in the person of Leigh Jones, the daughter of Cliff C. Jones, Jr., and Mrs. Jones of Kansas City. Cliff Jones, Jr., who graduated at Princeton in 1941 is an account executive with R. B. Jones & Sons.

L. J. Braddock, who retired in 1940 as assistant manager of the old western department of North America, and who has been residing at Santa Barbara, Cal., since, is now on a 9,000 mile motor trip. He was in Chicago this week visiting old friends. He is heading east and expects to return via the Canadian Rockies and he plans to be away until about the middle of July.

John C. Stott, Norwich, N. Y., past president of National Assn. of Insurance Agents and president Insurance Federation of New York, has been elected a delegate to the Republican national convention. He is a supporter of Gen. Eisenhower.

Frank P. Proper, president of Employers Reinsurance, is on a business trip to London and is expected back at Kansas City June 9.

J. H. Dillhoff, head of the Joseph T. Dillhoff agency of Cincinnati, is seriously ill at Good Samaritan Hospital in that city.

Leonard L. Kline of the Mann, Kerdolff, Kline & Welsh agency, Kansas City, was one of those that made the famous six-day trip in company of the Rancheros Visitores from Santa Barbara to Santa Inez.

W. S. Gibbons, Kansas manager of St. Paul at Wichita and secretary of Kansas Fire Prevention Assn. and Mrs. Gibbons are both confined to St. Joseph Hospital in Wichita. Mr. Gibbons suffered a recurrence of an old difficulty during the Blue Goose "stag." Mrs. Gibbons had already planned to enter the hospital for surgery. Both are reported improving satisfactorily.

Gen. Howard S. Searle, Crum & Forster state agent at Topeka, has been named commander of the civil defense mobile group for northeast Kansas, one of three such organizations in Kansas. **Standish Hall,** Wichita local agent, is state civil defense director.

L. Parsons Warren of Associated Agencies of Chicago who has long been one of the most popular and respected members of the agency fraternity in that city and is a past president of Chicago Board, and Mrs. Warren were feted at a tea at St. Chrysostom's church at Chicago Sunday afternoon. The notice from Cuthbert Pratt, rector, said that this tribute of appreciation is being offered as Mr. and Mrs. Warren prepare to leave the city. Mr. Warren has been a member of the vestry at St. Chrysostom's and serves as clerk of that body. He directs the vesper choir. Mrs. Warren is a past president of the women's guild and auxiliary.

Don Forsyth of the Forsyth-Cain local agency of Springfield, according to newspaper reports, will be named as chairman of the campaign for reelection of Adlai Stevenson as governor of Illinois.

Robert G. Clarke, president of Reinsurance Corp. of New York, has returned from a visit to England and the continent. His trip was cut short because of an illness in his wife's family.

Herman L. Bischoff, Employers Mutuals of Wisconsin, Indianapolis, was among those receiving the distinguished sales award of Indianapolis Sales Executives Council. The award is part of a nationwide program of recognition for sales personnel.

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PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

DEATHS

GEORGE W. MORRISON, 67, former secretary of New Hampshire Fire, died at Manchester. He was with New Hampshire more than 40 years.

JOHN D. ROWLAND, 89, who established the Carpenter & Rowland agency at Racine, Wis., with the late W. H. Carpenter in 1896, died at Antioch, Ill. He was the father of John S. Rowland, present agency head. In 1911 the senior Rowland was president of Wisconsin Assn. of Insurance Agents, an office also held by his son in 1943-45. A delegation from the Racine Board and the Wisconsin association attended the funeral services.

JOHN A. SINCLAIR, 57, assistant secretary in the Pacific department of Glens Falls group at San Francisco, died at his home at Oakland from a heart attack. He had been with Glens Falls 29 years, serving as fire underwriter, chief clerk and superintendent of the fire underwriting department until last November when he was elected assistant secretary. Earlier he had been an examiner for Pacific Board and fire underwriter for general agencies in San Francisco. He was a member of the rules and rates committees of Pacific Board and Pacific Fire Rating Bureau and a director of Idaho Surveying & Rating Bureau.

FRANK J. CROCKER, 60, treasurer of the Walter H. Wilcox agency of Woburn, Mass., died. He started with Employers Liability and went with the Wilcox agency in 1917.

JACOB WEIL, 54, broker with Associated Agencies at Chicago, died at his home at Highland Park, Ill., following a heart attack. Two years ago he suffered a similar attack, but had carried on his business in a limited capacity. Mr. Weil had been with Associated for 24 years, and his business will be carried on in behalf of his family by Howard Klee of the same agency.

T. GUY WOOLFORD, 76, co-founder of Retail Credit Co. with his brother, the late Cator Woolford, died at Atlanta.

ISIDORE A. "MIKE" GROSSMAN, 72, founder and owner of Haskell, Miller, Grossman & Co., metropolitan supervising agency at Chicago, died of a heart attack while playing golf at the Ravisloe Country Club. He founded the agency at about the turn of the century under the name George S. Haskell Co. The agency was one of Chicago's very early agencies and was one of the first to represent many of the Royal-Liverpool companies. The agency has also represented Phoenix of Hartford since 1907.

Mr. Grossman was one of the oldest members of the Chicago Board and was one of Chicago's better known insurance men.

THOMAS W. MOORE, 75, Long Beach, Cal., agent, died at Seaside Hospital.

HOWARD H. BUCK, 63, local agent of Framingham, Mass., died there of a heart attack.

Hard Reading for Simple Minded

Greater New York Industries, Inc., of which Lowell M. Birrell is president, in its annual statement reports as its investments in insurance companies, stock of National of Denver at the nominal value of $1, plus advances to that company in the amount of $96,895, and then there is a William Penn Fire note receivable of $55,000. These are identified as "affiliated companies." Under the heading of "non-affiliated company," there is entered 30,395 voting trust certificates for 7,598¾ shares of $5.40 preferred stock (pledged) and 2,401¼ shares of preferred stock (partially pledged) of Louisville F. & M., the total investment being entered at $1,350,000.

In the statement of consolidated surplus there is an addition of $500,000 for elimination of reserve for revaluation of investment in common stock of Louisville F. & M. and a deduction of $1,039,589 for loss on investment in stock and advances to Louisville F. & M. disposed of during the year.

During 1951, Greater New York Industries, the report states, acquired 49,000 shares of the common stock of Doeskin Products, Inc. from Louisville F. & M.

Triple Play

On Nov. 29, 1951, Doeskin Products, Inc. sold its investment in and advances to Adsyn, Inc., to William Penn Fire for $55,000. Thereafter William Penn resold such investment and advances.

The investment in National of Denver is stated as the cost of acquisition in 1947 of 95.4% of its stock, plus subsequent contributions to the surplus of National, amounting to $1,600,000. National of Denver owns all of the outstanding shares of William Penn Fire. Presently both of these insurers are inactive. At Dec. 31, William Penn Fire owned $658,000 principal of the 4% serial debenture bonds issued by Doeskin Products and 5,834 shares of National of Denver.

As of Dec. 31, National of Denver was indebted to Doeskin Products in the amount of $96,895, for advances and/or expenses disbursed by the company for the account of that subsidiary. William Penn was indebted to Doeskin in the amount of $55,000, representing the price for the sale of the investment in and the advances to Adsyn, Inc., evidenced by a promissory note payable by the subsidiary to the company due July 10, 1955, with interest at 4% and secured by $55,000 par value of Doeskin serial debenture bonds maturing July 1, 1955.

Greater New York Industries investment in Louisville F. & M. was changed from a common stock investment to a preferred stock position as the result of a merger agreement with Louisville & General Ins. Co., effective Dec. 31, 1951. This investment is carried at the redemption price of $135 per share. Prior to this merger, the investment in the 40,000 shares of common stock of Louisville F. & M. was carried for consolidation purposes at $1,389,589, which represented the original cost of acquisition, plus subsequent contributions to surplus and advances, less a reserve of $1 million.

Glens Falls Group Premiums Up 20% in First Quarter

Premiums written by the Glens Falls group during the first quarter of this year amounted to $16,055,379, which was an increase of $2,640,816 or 19.7%. The earned premiums were $14,810,562 as against $12,449,375 for the parallel period of 1951. Incurred losses and loss expenses were $8,650,990 as against $7,595,104 and underwriting expenses were $6,442,473, which is an increase of just about $1 million. Investment income increased 6% to a total of $563,672, not counting capital gains. At $32,547,568, the consolidated capital, surplus and voluntary reserves including Glens Falls Corp. was higher by about $200,000 than at Dec. 31. There was an increase in premium reserve of $1,244,817.

Mutual Agents Hold Forth

Directors of National Assn. of Mutual Insurance Agents at the midyear rally at Colorado Springs voted to expand the services that are furnished members and to increase the office facilities and personnel at Washington headquarters.

A practical comprehensive correspondence course covering all phases of fire and casualty insurance is being made available. Provision is made for members to buy errors and omission coverage under a group plan discount, and an efficient time and labor saving accounting system is brought forth.

A folder explaining the errors and omissions plan will be distributed soon. Also in preparation is a manual describing the accounting system which will be ready for distribution in about 90 days.

Pamunkey Rites June 24

One of the features of the annual meeting of National Assn. of Insurance Commissioners June 22-25 at Chicago will be the ceremonial of the Pamunkey Tribe of Real Indians Tuesday evening, June 24. Membership applications will be available at the hotel June 21.

Insurance Company Buyers Elect

Felix A. Tangarone, purchasing agent of Phoenix Mutual Life, has been elected president of Assn. of Insurance Company Buyers; William A. Mackenzie, State Mutual Life, vice-president; Howard H. Becker, Life Insurance Agency Management Assn., treasurer, and Richard Alger, Employers Liability, secretary.

Organized in 1933, the association is composed of purchasing agents for 35 New England insurance companies.

Insurance as Part of P.R.

In discussing six basic rules for restoring friendly relations with the customer who has a gripe, Hector Lazo, director of public relations of Sunshine Biscuits, Inc., who writes in Sales Management magazine, deals with what to do in case of injuries to customers or damage to property. The first step here is to carry products liability insurance with a reputable insurer, he states.

He suggests investigating the methods used by the insurer and its reputation before purchasing coverage and notes that the manufacturer, the owner of the brand or trademark, is usually the one on whom legal and moral responsibility are put. It is good dealer relations to protect the dealer.

Most companies carry both bodily injury and property damage products liability. He strongly advises carrying both.

Withdraws from California

Surety Fire has been granted a certificate of withdrawal from California. Southern Fire, Durham, N. C., has made application to withdraw from California.

James B. Clancy, secretary-comptroller of Royal-Liverpool, and **George R. Ladner**, controller of Security of New Haven, have been elected members of Controllers Institute.

V.P.s of General Re


W. M. Smiley


J. P. Madigan

John P. Madigan and Ward M. Smiley, who have just been named vice-presidents of General Reinsurance, have both had long experience in the business. Mr. Madigan has been with Maryland Casualty as assistant manager at New York office and manager of the bonding department there. He started in 1925 with Union Indemnity.

Mr. Smiley, an assistant vice-president of General Re since 1946, started 25 years ago with Southern Surety.

National Board Annual Meeting

(CONTINUED FROM PAGE 1)

has raised not one but several problems for insurers, presently ranging from licensing through rate regulation and taxation, according to the committee on laws, of which J. C. Hullett, Hartford Fire, is chairman.

Reports of the several National Board committees were summarized at the meeting.

Some of these multiple peril underwriting problems have developed to the point where some in the business believe themselves to be adversely affected, Mr. Hullett's report said. Also, certain regulatory officials have indicated that in their opinion action must be taken in an effort to regulate this comparatively new pattern of operations. Fortunately, little hastily conceived action has been taken in attempts to solve the problems.

However, the report stated, the business cannot expect such self-restraint long to continue. If the business as a whole does not come forth with proper answers, individual elements of the business or persons outside who feel adversely affected may be expected to offer their own solutions. This should be avoided and will be if the business devotes itself to the task.

Operating Difficulties

Some of the operating difficulties arising from multiple line legislation cannot be wholly cured by changed business practice. Some problems stem from the fact that the pattern of statutory regulation was evolved in a time of limited underwriting powers and as a general thing multiple line operation does not fit smothly into that pattern. Consequently, certain statutory changes are needed.

Here again if the business as a whole is not prepared to recommend its pattern of appropriate legislation, others will offer changes with the result that such loss may not well serve the business or its customers. The report emphasizes the importance of immediately setting about to develop rational answers to the several problems, keeping in mind the long range character of the business and with decisions predicated on that fundamental and not on what is expedient.

Hospital Story About In

The program of hospital inspection, sponsored by fire and casualty insurers and others, has now been completed, Perrin C. Cothran of Phoenix-Connecticut, chairman of the special committee on hospitals, pointed out in his report. Originally it was estimated that approximately 6,500 hospitals would be inspected; actually the number was 6,634. There are 185 reports in the process of being completed, which are not included in that total, and a few inspections remain to be made in New York, New Jersey, the middle department territory and Tennessee. These should be completed soon.

The next report of the committee on fire prevention and engineering standards will include an analytical statement dealing with the classes of hazards discovered in the hospital inspection program and remedial action undertaken.

The hazard to life is most acute in converted buildings used as nursing, convalescent and old age homes and maternity hospitals, the report stated. Many are converted dwellings with inadequate if any cut-offs on stairways and vertical openings. The committee recommended that converted risks be inspected as the opportunity affords, under the supervision of the National Board staff, field clubs, inspection bureaus and trade organizations.

Of 1951 fire losses, the manufacturing group showed the biggest rise of 12%, while residential properties increased 5.7% to a total of about 300,000 fires, according to the report of the committee on statistics and origins of fires, which is headed by W. L. Nolen, U. S. manager of North British. Cities in the 500,000-1,000,000 population group experienced the greatest over-all increase in fires, 25.5%.

Arson cases have reached a new low mark, the committee on incendiarism and arson reported. This is headed by Lester S. Harvey, president of the New Hampshire group. This is due to full employment, the high price for merchandise and demands for buildings. However, investigations of jewelry and fur losses, hijacking and truck thefts have materially increased. Much additional work of this kind ought to be undertaken, the committee recommended. The work of the past two or three years proves its economic soundness, both in prevention and recovery.

Board Aids Police

The report emphasized that in many large cities, very close cooperation with police departments has been developed. On several occasions it has been possible for National Board agents to furnish information in advance of burglaries and robberies that were about to be committed. Special attention is being given to hotel prowlers and this has resulted in apprehension of four or five notorious criminals of this type, and gives promise of further results in the near future.

Dissemination of descriptive lists of property recovered has helped inland marine insurers, as have lists of persons whose property has been recovered and information on the history and character of insured, some of whom have had extensive loss histories. As a result of this National Board service, claims were withdrawn in a number of instances and a claim which went to suit was defeated. Total recovery and defeated claims aggregated $374,175.

Special attention was given to the Miami Beach area, where the police department assigned a squad especially to this work and produced very satisfactory results. Losses amounted to about $685,000 of which $554,859 was recovered in member companies, an increase of about $200,000 over the preceding year.

Arbitration between companies involved six fire cases and three fire-inland marine cases, the committee on adjustments, headed by Mr. Cothran, reported. About 533 bailee losses have been bulletined companies since the service was started. The report dealt also with the operation of the Detroit office.

Great progress has been made in recent years in smoke odor elimination, and the committee recommended that the companies, adjusters and salvage organizations investigate and use this proved facility. The committee also stated that with losses running three-fourths of a billion dollars a year, the insurers ought to use the best talent available to adjust losses.

The actuarial bureau processed 30,000 more claims in 1951 than the 325,282 processed in 1950, a rise of 9%, the actuarial bureau committee headed by Ivan Escott of Home, reported. The committee had several requests in 1951 for amendments to the standard classification of occupancy hazards, in order to provide statistics on occupancies peculiar to certain territories. The committee still holds to its view that the 115 class break-down is sufficient and satisfactory as a source of classified experience.

Stand on 115 Classes

The standard classification has been criticized also in the mistaken belief that it could be amended to produce more detailed statistics with which bureaus are entirely concerned. The committee, however, still holds to the view that the basic statement of principles is sound and that the data shown on the classification expense reports produced in the actuarial bureau are a satisfactory measuure of the adequacy of premiums charged.

With 1951 business, when it is processed, the 115 class break-down will have had five years of use.

The expense phase of the statistical plan went into effect Jan. 1, 1951, and reports are required for next Sept. 15. Soon thereafter data on company expenses by state will be on hand, according to the committee.

As is natural, the board being a public relations organization, the report of the public relations committee, headed by Frank H. Thomas, president of Fire Association, covers a lot of activity. Essentially, the board seeks to tell people about fire insurance and its public services and to aid them in saving lives and property from destruction by fire. The report dealt with advertising, public information, motion pictures, TV, a company employe information, fire safety and insurance education.

Committee on Maps

The committee on maps, according to the report of that group, which is headed by H. B. Collamore, president of National of Hartford, endorsed adoption of the reduced scale maps produced by Sanborn Map Co. The report points out that these are easier to handle, they save storage space and they have been well received by the companies.

Several matters of interest have occupied the uniform accounting committee, which is headed by Charles W. Makin, executive vice-president of Camden Fire. These include the commissioner's suggestion of a study of the relationship between uniform accounting and rate making.

Fire Prevention Report

The committee on fire prevention and engineering standards, of which the chairman is W. B. Rearden of Loyalty group, reported that circulation has now reached the million mark on copies of Natonal Board engineering standards in various fields, such as those for liquefied petroleum gas, etc. There is a steadily increasing use of this gas for more and more purposes. The committee reported that 351 cities and one state, Kentucky, have adopted the board's suggested fire prevention ordinance, an increase of 52 since the preceding year. Other work of the committee included inspections for the government of locations where critical materials are stockpiled, the hospital inspection program, etc.

According to the report of the committee on construction of buildings, of which L. J. Tillman, U. S. manager of Century, is chairman, 528 cities now have building codes based largely on National Board models. The report called attention to a detailed study made of methods for outlining fire limits in municipalities with the assistance of New York Fire Insurance Rating Organization. An inspection and analysis of general business and industrial areas of cities and towns resulted in the evolution of a procedure which permits fire limits to be delineated for any community by an analytical method —the first time this has been possible without depending almost completely on experienced judgment.

P. J. Priore, U. S. manager of Sun, reported for the membership committee.

Springfield F. & M. Moves into New Home

Springfield F. & M. is moving this week end to its new building at 1250 State street, Springfield, Mass.

The new structure, begun in October, 1950, replaces the old head office at 195 State street, which was built by the company in 1904. The new building will house the eastern department of Springfield and its affiliates, New England and Michigan F. & M. It will provide 133,000 square feet of office space, permitting the imprinting and supply departments as well as the casualty and bond operations of the companies to be brought under the same roof as the fire operations. The casualty and bond division has occupied separate quarters since 1948.

The new building was designed by Cram & Ferguson, Boston architects, and built by Turner Construction Co. of New York. The building is fire resistive and attractively set in an 18-acre lot. Its large work spaces are unobstructed by pillars or supports. Employe facilities include a cafeteria, lounge and card rooms and a 400-car parking lot at the rear. Employes will have the benefit of fluorescent lighting and air conditioning.

Clement Research Director of A.I.U.

W. Winthrop Clement has been named director of research of American International Underwriters and affiliated interests of the Starr insurance group. He has been with the organization since 1948 and established the personal insurance division of A. I. U. developing group-underwriting on various types of personal insurance for overseas risks.

W. W. Clement

Before joining A. I. U., Mr. Clement was executive vice president of National Assn. of Insurance Brokers and earlier was executive secretary of Risk Research Institute. He also served as insurance manager of Lerner Stores Corp. He began his career with Liberty Mutual after graduation from Colby College in 1934.

Prudential Raises Group Hospital, Surgical Rates

Joins Hancock, Aetna; Eye Experience on Other A. & H. Lines

NEWARK—Prudential has increased its group hospital and surgical expense rates an average of 15 to 17% because of the upward trend of claim rates.

Prudential is the third major group-writing company to raise its rates above the prevailing industry level in recent months. John Hancock raised its rates the first of the year and Aetna brought new rates earlier this month.

Group hospital and surgical experience has been notoriously bad for group insurers generally and it has been a matter of mounting interest in the business that they have held off as long as they have in boosting premium rates. The expectation is that other group writers will soon announce new rates.

Cost of hospital care has increased substantially and there has been an increasing tendency on the part of persons covered to take the fullest advantage of both hospital and surgical coverage. Many operations and diagnostic procedures formerly handled in a doctor's office are now done in a hospital—and paid for by insurance. There is much more repair and preventive surgery than formerly. People have largely lost their terror of hospitals and operations. Doctors can do almost routinely operations that would formerly have been held impossible or resorted to only in desperate cases.

Study Other Experience

Prudential is continuing studies of its experience on other forms of group A. & H. insurance and while the company is not making any announcement now it has informed its field force that present indications are that rate increases will be required on group accident and sickness policies.

Prudential's new rates are already in effect as far as new quotations are concerned. Applications on the basis of proposals made at the old rates within the last three months will be accepted only if received at the home office (Newark or regional) by June 16, and provided that the insurance is effective no later than Aug. 1. The home office will give consideration to extending the effective date deadline provided the sole reason is delay in wage or salary stabilization board approval, application for which must have been made to the proper board before June 16.

The more liberal the benefit, the less the percentage increase, because with a higher benefit there is less likelihood that the charges for operating room, drugs, oxygen, etc., will exhaust the benefit provided for these expenses.

To illustrate how the new rates compare with the old: a reasonably representative case might cover 100 lives, not more than 11% of them female; 79 units with dependents, of which 5% have children but no wife, 30% wife only, and 65% have a wife and dependent children. The premium for coverage based on $8 hospital room charge, 10 times that amount for miscellaneous charges, and a $200 selected surgical schedule would be $575 under the new rate schedule as against $484 under the old one, an increase of 19%. Maternity benefits are included.

To give this group an $11 daily room benefit and 20 times that amount for miscellaneous charges with the same surgical schedule would cost $718 under the Prudential's new rates as against $636 under the old, an increase of 13%.

Many companies have been willing to pay the full miscellaneous charge amount to cover major items such as oxygen tent or iron lung up to the maximum period of the policy (usually 31 or 70 days) but there has been so much increased utilization of such equipment, not all of which has been felt by the insurers to be necessary, that Prudential plans to modify its benefit structure for plans providing more than 20 times the daily limit. These plans will be offered on a coinsurance basis. That is, the plan will pay up to 20 times the daily limit in full and 75% of the charges in excess of 20 times, with an over-all maximum. In the meantime, the plan which pays up to 31 times the daily limit is withdrawn.

It is not believed that current changes in rates will have much effect, either in speeding pending cases under the deadline or in discouraging those employers faced with paying the new rates. For one thing, group business is at a low ebb because union leaders are waiting for the outcome of the steel negotiations before putting on a determined drive for new or increased group benefits.

House Votes Down Rush SS Bill

An administration bill raising social security benefits for retired persons and containing provisions that would have opened the door for federal temporary cash sickness compensation was defeated in the House of Representatives last week. This was a piece of rush legislation that was introduced on May 12 by Rep. Doughton of North Carolina and was called for a vote on May 19 under a floor rule that limited debate to 40 minutes, prohibited amendments, and provided only for a vote on passage of the bill, but required a two-thirds majority.

The vote was 149-140 with 193 votes required.

The measure would have raised benefits for practically all retired persons now on the rolls by $5 or 12½%, whichever was larger; increased the benefit formula from 50% to 55% of the first $100 of average monthly wage; raised the minimum benefit to $25 and the maximum to $168.75 per month. Finally, benefit rights would be frozen under the program for periods during which the individual was totally disabled. This latter feature was characterized as being similar to the waiver of premium provision in life insurance policies. Some aged beneficiaries now drawing benefits, as well as those coming in in the future would have had benefits increased even if total disability had prevented them from working for a substantial period before reaching age 65.

Oscar Ewing, social security administrator, was to have been authorized to appoint doctors to examine disability claimants, and would have had authority to terminate disability benefits "because of the individual's failure to comply with regulations governing examinations or re-examinations, or because of the individual's refusal without good cause to accept rehabilitation services available to him under a state plan approved under the vocational rehabilitation act after having been requested to do so by the administrator."

Republicans charged that this was socialized medicine, and protests were sent to Congress by a number of medical societies.

The bill may be considered again under different procedure which would allow amendments.

Dudley Pruitt Heads Accounting and Statistical Assn.

CINCINNATI—Registration at the annual meeting of Insurance Accounting & Statistical Assn. went well over 1,000 for the first time in history. Following the opening general session, the life, casualty, fire, and A. & H. sections split up for their own section meetings and workshops.

Dudley Pruitt, actuary of General Accident, vice-president, was elected president, succeeding Ralph Kennon, vice-president of Central Standard Life, who becomes chairman of the board.

R. B. Savage, secretary of Wisconsin National Life, becomes one of the four vice-presidents, who with the president and chairman constitute the executive committee. The vice-presidents are Joseph Hughes, comptroller Pan-American Life; A. H. Benson, auditor Lumbermen's Mutual of Mansfield, O., and E. L. Brandt, vice-president Auto-Owners.

A. S. Kuenkler of U.S.F. & G., becomes public relations director. The following officers continue: L. J. Hale, assistant controller Kansas City Life, secretary-treasurer; George Runyan, American United Life, publications director; L. M. Cox, Employers Mutual Liability, research director, and J. A. Roberts, Continental Assurance, exhibits director.

The following become directors of the various sections: W. E. Sather, North American Life & Casualty, A. & H.; J. B. Clancy, secretary-comptroller. Royal-Liverpool, casualty; Paul Otteson, actuary Federal Mutual Implement & Hardware, fire, and Rodney Wilcox, Connecticut General, life.

Above all else, the successful executive must have top judgment ability and must be willing to take the consequence of his decisions, Dr. J. Elliott Janney of Rohrer, Hibler & Replogle, consulting psychologists, declared. The closer a man is to the top, the more important leadership skills become. The basic principles involved in the successful executive are intellectual efficiency, emotional stability, ability to organize plans and work, ability to sell self and ideas, and understanding of human nature. He must make sound decisions which lead to profitable action.

Greetings were extended by George T. Dearborn, treasurer of Potomac, president of Insurance Accountants Assn., and by Mayor Rich of Cincinnati and Superintendent Robinson of Ohio.

The 1953 meeting will be held May 14-16 at the Palmer House, Chicago.

"Comp" School at Columbus

COLUMBUS, O.—With 100 insurance men in attendance, a workmen's compensation school was held here, sponsored by several insurance groups. The meeting was opened by Arthur M. O'Connell, Cincinnati, president of Ohio Assn. of Insurance Agents, who called on Harold E. Brookhart, Columbus, president of Ohio Assn. Mutual Insurance Agents, to preside at the first session. Among those on the program were E. B. Berkeley, Cleveland, and C. H. Eichhorn, Columbus, past presidents, and Theodore M. Gray, Sr., secretary of O.A.I.A.; Frederick E. Jones, president Buckeye Union Casualty; Paul Dubach, Shelby Mutual Casualty; Andrew Kalmykow, Assn. of Casualty & Surety Companies; C. L. Krum, Aetna Casualty, Cleveland.

Mr. Kalmykow spoke on "The Philosophy of Workmen's Compensation" and Mr. Gray explained the mechanics of restoring competition in compensation. At meetings of this type, more than 2,000 Ohio agents have been told the story of workmen's compensation in the last few months.

Carlson Details Bureau Stand on 5% Profit Factor

Will Press to Limit for 5%; Explains Back Lash in Auto Costs

A detailed exposition of the stand of National Bureau of Casualty Underwriters on the 5% profit and contingency factor and on the problems of rate making for automobile casualty lines in this troubled time was made by Thomas O. Carlson, bureau actuary, before the South Carolina Assn. of Insurance Agents.

A provision of 5% of manual rates which the bureau indicated last year it intended to ask in subsequent revisions would constitute the same provision for this element as is now contained in the rates for fire lines throughout the country, Mr. Carlson said. It would provide a profit to the business, if earned, which would be extremely conservative compared with returns in other major industries, regardless of the base upon which the calculations are made.

The commissioners' subcommittee, however, brought out a recommendation of 3.5%, based on "a fallacious and practicably inapplicable interpretation of the principle of equal opportunity with the fire business." The report of the commissioners in effect says that since currently the ratio of premium writings to stockholders equity in the casualty companies is greater on the average than the corresponding ratio for fire companies, casualty insurers should have a lower percentage allowance for profit in premiums to produce the same percentage return on stockholders equity that the fire insurers can earn with their 5%.

Specious Reasoning

This is a specious line of reasoning, Mr. Carlson declared. It is not reasonable or in the interest of sound insurance development to measure returns on the basis of stockholders equity. It has been demonstrated that even if the returns were so measured, 5% of the premiums still would not produce a return that is high enough to be reasonably comparable with the returns in other major industries.

Also, he added, there are many companies today, and they are constantly increasing in number, that write both fire and casualty lines. The committee's evaluation of the situation leaves them in an anomalous position. The commissioners' decision is not realistic. Since the ratios of premiums to stockholders equity are fluctuating year to year and vary widely company to company, the report proceeds upon premises that are unstable and continuously shifting.

The logic of the report is to reward restriction of the insurance market, he pointed out. If casualty insurers had restricted their sales in recent years to substantially lower writings, they would have qualified under the line of reasoning in the report for a higher profit margin in the rates.

The logic of the report also leads to the conclusion that a higher profit margin should be allowed for a group of carriers that have made good profits in the past and thus been able to build

(CONTINUED ON PAGE 20)

Richmond Insurer Gives Its Version of D. C. Conflict

From I. S. Markel, president of American Fidelity & Casualty of Richmond:

In your May 15 issue you referred to certain litigation in the District of Columbia concerning the American Fidelity & Casualty Company.

It is believed the following facts properly and correctly reflect the litigation and the action of the American Fidelity & Casualty in connection therewith.

Counsel for the company, on May 9 notified the clerk of the U. S. court of appeals for the District of Columbia that it intended to withdraw its appeal from a decision by Judge Morris of the U. S. district court for the District of Columbia in connection with an administrative ruling by the superintendent of insurance for the District of Columbia for the reason that the question involved in the appeal was moot. During the pendency of the litigation, the company's license, previously issued to it to do business in the District of Columbia, expired by its own terms on April 30, 1952.

Contrary to published reports by an assistant corporation counsel for the District of Columbia, the American Fidelity & Casualty, through its counsel, formally requested the insurance commissioner for the return of its application for a renewal of the A. F. & C. license for the year 1952-1953. The insurance commissioner, without explanation, has refused to return the company's application. Moreover, the company was unaware of the insurance commissioner's objections to the renewal of the A. F. & C. license within the District of Columbia until the receipt of a communication by the company on April 30, the day upon which the license for the year 1951-1952 expired. The company had mailed its application for renewal prior to March 1, 1952, and the commissioner had approximately two months in which to act prior to his letter of April 29.

Explanation Lacking

While the superintendent indicated an opportunity would be afforded the company to apply formally for a license after a hearing, it was apparent that a hearing could not be concluded within the remaining hours on April 30 so as to permit the superintendent to act. In the insurance commissioner's letter of April 29, while the company was advised that it might apply for a formal hearing, no time or place was set. No explanation was offered by the superintendent for his failure to advise the A. F. & C. until April 30 of his contemplated desire for a hearing.

In view of this last minute advice, the American Fidelity & Casualty made immediate arrangements with its sister company, American Fidelity Fire, to accommodate the American Fidelity & Casualty business within the District of Columbia. These arrangements were immediately consummated, and the American Fidelity Fire is licensed within the District of Columbia during the current year to write all business which the American Fidelity & Casualty wrote during the year 1951-1952.

Amount at Stake Small

The volume of business written by the A. F. & C. for local risks within the District of Columbia was not substantial; and it was apparent that continued dispute with the superintendent would result in prolonged, expensive, and unnecessary hearings. The wide publicity released by the insurance commissioner and the assistant corporation counsel concerning the American Fidelity & Casualty led the company to believe that its position in the District of Columbia had been obviously prejudged by the insurance department. No useful purpose would be served in affording the insurance commissioner and the assistant corporation counsel additional opportunities to publicize widely their opinions and beliefs.

The recent statement by Milton D. Korman, assistant corporation counsel for the District of Columbia, in which he cites a communication by the superintendent of insurance directed to the A. F. & C. contains numerous inaccuracies. Mr. Korman alleges that there is a federal tax lien in excess of $3 million pending against the A. F. & C. Mr. Jordan and Mr. Korman were notified in March, 1952, that this federal tax lien had been abated in the approximate amount of $1,354,000. This statement and other inaccuracies reflect upon the A. F. & C., and do not find support in reliable information available to the superintendent and Mr. Korman.

In view of the company's formal request for withdrawal of its application for a new license for the year 1952-1953 within the District of Columbia, there was no pending application before the superintendent for action.

Martin W. Lewis, general manager Surety Assn. of America; H. F. Richardson, general manager National Council on Compensation Insurance; J. Ross Moore, general manager National Automobile Underwriters Assn., and J. A. Neumann, Jamaica, L. I., member executive committee National Assn. of Insurance Agents, shown at the head table during Assn. of Casualty & Surety Companies annual luncheon in New York.

Illegal Service Is Cravey's Plea in Bankers L. & C. Case

Commissioner Cravey of Georgia has filed a motion in federal court at Miami for dismissal of the $30 million damage suit that has been brought against him and others by Bankers Life & Casualty of Chicago. The other defendants are Commissioner Larson of Florida and C. C. Bradley who is vice-president of the so-called Sammons insurance fleet, including Reserve Life of Dallas, Pyramid Life of Kansas City, George Washington Life, Professional of Florida and American Security of Texas, and Pyramid Life of Arkansas.

The motion was signed by Attorney General Cook of Georgia. It insists that Mr. Cravey was illegally served with a summons at Panama City, Fla., during the time of the zone meeting of insurance commissioners there. The motion declares that since Mr. Cravey is not a resident of Florida the court has no jurisdiction over him.

The suit that was filed April 25 alleges that Messrs. Cravey, Larson and Bradley were pursuing a scheme to ruin the business of Bankers L. & C.

Roberts, Thomas Head Pennsylvania Federation

E. A. Roberts, president Fidelity Mutual Life, was elected president of the Insurance Federation of Pennsylvania at the annual meeting. First vice-president is Frank E. Thomas, president Fire Association. Vice-presidents include Frank D. Buser, Samuel J. Carr, William B. Corey, Stanley Cowman, A. M. Waldron and Theodore A. Engstrom, Philadelphia; H. H. Gilkyson, Jr., Coatesville; William M. Guthrie, Edward A. Logue, Pittsburgh. Samuel J. Carr, Philadelphia, is treasurer.

Horace Mann Expansion

Leon Gavin has become assistant branch manager of Horace Mann Mutual Casualty and Horace Mann Life in the Chicago metropolitan area and for a time the Chicago metropolitan office of the company will operate from Harvey. Mr Gavin has been in the general insurance business at Harvey and formerly was a broker in Chicago and a life insurance agent. He will provide insurance leadership to an organization that depends largely upon school teachers to market its coverage. The Horace Mann companies are now writing A. & H. They are now preparing to enter Iowa with their life company, which to this time has been licensed in Illinois only. The casualty company operates in six states. The companies are successors to the I.E.A. Mutual and sponsored by the Illinois Educational Assn., an organization of school teachers. I.E.A. originally was founded to write automobile insurance for school teachers. Next fall the companies will market accident policies for school pupils.

The companies expect to open an office in a loop location shortly, as well as one in the Evanston area.

SSB Broadens Categories for Automatic Approval

Salary stabilization board has issued regulation No. 8 superseding general salary order No. 11 which broadens in two major instances the categories of health and welfare plans which can be put into effect without approval of the SSB. The new provisions are

1. A plan providing for disability, hospital expense, surgical expense, in-hospital medical expense, group life, including permanent and total disability benefits, or accidental death and dismemberment benefits may be put into effect or continued without approval if it covers only employes subject to the jurisdiction of the salary stabilization board and meets the requirements of general wage regulation No. 19 and wage stabilization board resolution No. 78.

Previously such approval had been given only to plans covering employes subject to the jurisdiction of both the WSB and SSB upon the same or similar terms.

2. A plan does not require prior approval if the employes covered by the plan and subject to the jurisdiction of the SSB pay at least 40% of the premium payment for their benefits under the plan, or at least 50% of the premium payment if the plan includes benefits for their dependents.

Line Up Speakers List for Claims Managers Meeting

The program has been completed for the Lake Wawasee, Ind., meeting of Claims Managers Council of Independent Casualty Insurers, to be held June 4-5.

Speakers are Robert D. Denton, Wolverine, on "Office Procedure and Closing Claim Files"; John T. Hume, Jr., Indiana Ins. Co., council president, on "Job Classifications Under Wage and Hour Law"; Leigh Hunt, Fort Wayne attorney, on "Recent Trends and Decisions in Indiana," and Paul A. Pfister, deputy Indiana commissioner, on "Property Damage Investigation in Indiana."

National Casualty Has Big Gains in 1951 Operations

National Casualty of Detroit in its report on 1951 operations shows gains in premiums written, assets and surplus. Although the company in recent years has branched out to write nearly all of the major casualty insurance lines, the main emphasis continues to be on accident and health, and premiums from that source last year totaled $14,061,569. National Casualty ranks 21st in the country in point of A. & H. premiums written.

Assets of the company at Dec. 31 were $15,981,240, an increase of just over $1 million. Surplus to policyholders totaled $7,664,630, a gain of $500,000. The voluntary and other reserves were increased by $500,000.

Unearned premium reserve of National Casualty at the year end was $4,018,093, and the loss reserve amounted to $3,882,153.

In its A. & H. writings, National's business was divided almost equally between individual and group, the individual business totaling $7,264,430 and group amounting to $6,797,138. On individual A. & H. writings, National ranks 20th in the U. S.

Tye Reviews Current Tax Status of the Companies

The current tax situation of stock insurers other than life was discussed before Assn. of Casualty Accountants & Statisticians spring conference at Pocono Manor, Pa., by Charles W. Tye, tax counsel of Royal-Liverpool and a member of the joint tax committee of National Board and Assn. of Casualty & Surety Companies.

He reviewed the litigation which led to changes in the convention forms of statement and explained how the transition year tax problem should be handled. The question of allowance of claim adjustment expenses and incurred but not reported losses seems now to be resolved favorably to the business.

Testing Loss Reserves

There was a group discussion on the need of uniform methods of auditing by revenue agents which was led by Mr. Tye. There was particular emphasis on the methods being employed in testing loss reserves under the so-called subsequent development theory now used by the treasury department.

The business should be alert to the possibility of revenue agents attempting to substitute their inexperienced judgment for that of trained claim men, Mr. Tye warned. Also, he said insurers should resist arbitrary development formulas having no relationship in fact to the true run-off. During the present inflationary period, insurers should not be forced to pay on funds which experience dictates are absolutely necessary to discharge outstanding known and unknown liabilities. He reviewed also the excess profits tax law in the light of a couple of years experience under it.

Allen Resumes Assn. Post

Robert J. Allen, chief traffic engineer of Assn. of Casualty & Surety Companies accident prevention department for three years before he was recalled to active military duty in 1951, has returned to that position.

As a lieutenant in the army engineers, Mr. Allen saw service in this country, Japan and Korea as an accident prevention specialist. In Tokyo he was stafey director of the engineer section of Far East Command headquarters.

Robert H. Harleston, Jr., who served as the association's traffic engineer during most of Mr. Allen's military service, has joined the staff of Cornell University's medical college at New York City.

K. C. Casualty Sales Congress Is Bracing Tonic

The Kansas City Casualty & Surety Sales Congress was a big success with morning and afternoon sessions coming close to filling the little theater of the Municipal Auditorium and with a luncheon crowd of 600 packing the new ballroom of the Muehlbach. This is now an established event and draws an attendance from large surrounding areas in Kansas and Missouri. The program was well planned and gave the group a full and satisfying, but not overcrowded day. There are no organized social events in the afternoon and evening, but that is an occasion for numerous get-togethers.

R. B. Jones & Sons and Kansas City Fire & Marine were hosts to the speakers and leaders in staging the event, at cocktails at the head office. The luncheon was a brilliant event. Speaker was Duke Shoop, head of the Washington Bureau of Kansas City Star, who gave a candid size-up of the various presidential candidates. There were present four or five high officials from the newspaper in compliment to Mr. Shoop and also to Harry M. Gambrel of the Mann-Kerdoff, Kline & Welsh agency, who was the toastmaster. Mr. Gambrel is a valued civic leader in Kansas City and Mr. Shoop said that despite his very great reluctance to appear on a platform, his principals insisted that he make this engagement because it was something desired by Mr. Gambrel.

W. R. Evans Is Praised

W. R. Evans, veteran manager of American Surety, won high praise for his performance as general chairman. He engineered the program carefully and he presided at the morning and afternoon sessions. Robert A. Braddock of R. B. Jones & Sons, who is known as Mr. Multiple Line since he is president of both Casualty & Surety Underwriters Assn. and of Kansas City Assn. of Insurance Agents, gave the welcoming address.

Getting the day off to a good solid start was George F. Ainslie, Jr., vice-president of American Surety, who gave a well considered paper on "Dishonesty Insurance—Always in Season." This was reported in last week's NATIONAL UNDERWRITER. Then there was a panel discussing questions submitted from the floor consisting of Richard A. Hubbard of Central Surety, John H. Trueheart of Fidelity & Deposit, Robert H. Oppenheimer of Oppenheimer Bros. and Chester A. Miles of R. B. Jones & Sons.

The only casualty on the program was in the final event of the morning. Morton T. Jones, of R. B. Jones & Sons, who was slated to be panel moderator on "Solving Problems," did not appear because he was in Washington and his place was ably taken by Joseph J. McGee of Thomas McGee & Sons. Others on this panel were H. F. "Speed" Warner; Joseph A. Leslie of Sikeston, Mo., and Howard Fullington of Wichita, who is president of Kansas Assn. of Insurance Agents.

Ferd Cook Is Leader

In the afternoon Ferd M. Cook, assistant vice-president of American Automobile, gave a talk on the serious automobile insurance situation entitled "Something Must Happen" and then there was a panel discussing automobile insurance problems. This consisted of Gordon Kellner of Aetna Casualty; Robert V. Waldo of Travelers, James A. Spellman of Ridge-Spellman agency and Donald C. Brain of W. B. Johnson & Co.

Final speaker was Levering Cartwright of THE NATIONAL UNDERWRITER.

Both Superintendent Leggett of Missouri and Commissioner Sullivan of Kansas, who is president of National Assn. of Insurance Commissioners, were guests. There were also on hand the president of Missouri Assn. of Insurance Agents, James V. Corrigan of Poplar Bluff.

In the discussion of agency problems, Mr. Fullington of Wichita, said his agency made big gains in the A. & H. field when it installed a full time A. & H. specialist. A man who is selling automobile insurance and similar types of cover is simply not geared to selling A. & H. insurance, he declared.

There were questions on why the agent receives no commission on assigned workmen's compensation risks in Missouri although he gets commission on assigned auto risks. Mr. Fullington said the matter is now up in Kansas. In some states, he observed, commissions are paid on workmen's compensation assigned risks. There was a question on agency advertising and Mr. Fullington said that spot announcements of an institutional nature on the radio have been found to be excellent. They are timed every 15 or 30 minutes and the aim is to get them on at a good time in the evening.

Auto Business Blues

Ferd Cook in opening up on the subject of automobile insurance emphasized that automobile is the largest single line in the casualty-surety field and when it runs into evil days, the business is under an ominous cloud. The results for the first quarter of this year, he said, give little hope that a turn for the better has set in or is in prospect. Accident frequency is up and claims costs are still rising. Raising rates is not the satisfactory answer, he declared, because among other things there is the danger that it poses of pricing the agents and their companies out of the market. There should be a mighty effort to reduce the number of accidents and injuries. The aim should be to bring about a reduction of 10% in the number of claims. That would put the business in order, he opined. He urged agents to become the spearheads of movements for safety work in their own neighborhoods.

One of the most important remedies would be to inculcate into the motorist a respect for the rights of others.

In the question and answer period there was a discussion of competition that the agent faces on farm risks. The question was asked whether the stock companies could not reduce the rates for farm motorists so as to equalize the rates with the type of companies that are getting the lion's share of this business. The answer from the panel was that farmer risks "no longer constitute a gravy train."

In answer to the question of whether the answer doesn't consist in restriction of whisky drinking, the reply was made that there was no change in the accident picture in Kansas as between the time when it was dry and the time when prohibition was repealed.

Miss Farm Boat

In a discussion on farm auto business, Speed Warner vouchsafed that the agents and companies missed the boat on farm business. The companies, he charged, failed to realize the potentialities of that market and let the business go elsewhere.

J. J. McGee in his talk said that the company problem is the agent's problem. He said that he talked to a company president the other day on a trip to New York and that executive asked him if he knew anything that hadn't gone up in the past 10 years. Mr. McGee said the only thing he could think of was chewing gum. It still costs five cents. "There is another thing," this company executive declared. "It's the stock in our company."

Mr. McGee said that with the development of multiple line underwriting there is going to be more and more of a tendency on the part of the companies

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ACCIDENT AND HEALTH

Coron Describes Seven Ways to Close at Cincinnati

Howard H. Coron, Canton district manager for Mutual Benefit H. & A., discussed and demonstrated closing techniques at the May meeting of Cincinnati Assn. of A. & H. Underwriters. Building his suggestions on the premise that "we have got to get the close," he urged: "Close not once, but many times—and repeat your close, if necessary—to get the order."

He described seven closing techniques: (1) The assumptive close, which means taking yes for granted and aiming questions to determine just what the prospect will buy; (2) the subordinate question close, in which the prospect is asked to decide upon some secondary point; (3) the physical action close, in which the idea is to start doing something such as filling in the application, which the prospect will have to stop (many times he won't); (4) the narrative close—telling a "reason why" story involving, if possible, someone the prospect knows; (5) the impending event close, which hinges upon an event or circumstance, such as the proximity of an age change that would involve higher premium; (6) the inducement close; (7) the last resort close, for use when other methods have failed, in which the agent asks the prospect to buy.

The association's next get-together will be the annual picnic at the Hartwell Country Club on June 26.

Blue Cross Change Beaten

ST. LOUIS—A proposal to increase the public representation on the corporate board of the St. Louis Blue Cross plan met defeat at a special meeting. The vote was 37 to 31 in favor of retaining the present setup, which gives equal representation to the public, hospitals and the medical profession. The proposal was that 50% of the board members be public representatives.

The board voted to defer action on a proposed bylaws amendment for admission of osteopathic hospitals to membership. The medical members contended that a final decision on this amendment should await until the St. Louis court of appeals rules on a suit to determine whether osteopaths may practice in the Audrain County Hospital at Mexico, Mo.

Five Talks at Salt Lake City

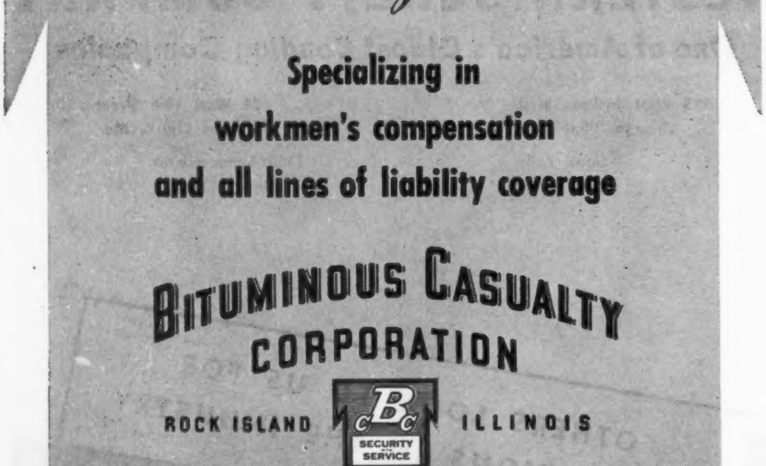
Utah A. & H. Underwriters Assn. last week conducted its annual meeting and sales congress at Salt Lake City with five speakers on the program giving selling advice. The sales talks were made by Eugene F. Gregory, Denver manager of Business Men's Assurance, on "Seven Keys to Closing;" Harvey Quigley, agency assistant of Mutual Benefit H. & A. at San Francisco, on "Five Steps to the Sale;" G. G. Ramsey, vice-president Olympic National Life; Richard Barnes, agency instructor of New York Life at Salt Lake City, on "The Man in the Salesman," and Ray Ross, vice-president of Equitable Life & Casualty of Salt Lake City.

Becker Predicts 20% Hike in Hospital Costs by 1954

Hospital costs will be at least 20% higher in 1954 than they are today and the A. & H. insurance business was given a hint that the public will have to buy additional coverage to meet the rising trend by Harry Becker, associate director of the Commission on Financing Hospital Care, at the annual convention of Assn. of Western Hospitals at San Francisco during a panel discussion.

The panel, consisting of Dr. A. J. J. Rourke, president of American Hospital Assn.; George Bugbee, Chicago, executive director of the association; Frank C. Gabriel, Albuquerque, past president of Western Hospitals Assn.; Clarence F. Wonnacott, Salt Lake City, new president, and Rev. Donald A. McGowan, executive director of the Catholic Hospital Assn., summed up their major points as:

Voluntary prepayment is the best way for the public to secure good hospital care. Only 5% of hospitals operate for a profit, the others barely exist trying to keep costs down and earn a little profit to put back for more beds. A 1951 survey shows that the average cost per hour for hospital care is $1.11. Costs of hospital care are constantly rising but people are lax in increasing their health insurance coverage. Studies are progressing toward the development of policies to provide for adequate protection against the great costs of chronic diseases, a neglected condition.



Hiser New President of Chicago Claim Association

Chicago Claim Assn. elected G. Blair Hiser, United Ins. Co., as the new president at the annual meeting last week. There were 70 members attending.

Otto Elder, American Service Bureau, was elected vice-president; L. G. Griffin, Continental Assurance, is secretary, and T. A. Kennedy, Modern Life & Accident, is treasurer.

Newly elected directors are Paul Tyler, New York Life, chairman; F. A. Eggler, Washington National; Charles Strezo, Sterling; L. H. Olson, George Rogers Clark Mutual Casualty, and J. C. Stange, Travelers.

Speaker was Dr. J. J. Moore, director of Moore Clinical Laboratory, whose talk was entitled "Value of the Pathologist in Reducing Claims."

Blue Cross Is Soliciting Cleveland Hospital Patients

Cleveland Hospital Service Assn. (Blue Cross) is making a trial solicitation for hospitalization insurance on patients in five hospitals in Cleveland, and most of the other 36 Blue Cross hospitals in the area have indicated an interest in offering insurance against hospital bills if results of the test are successful.

Protection for patients who fill out the applications will begin 90 days after they are discharged from the hospital.

New A.&H. Bureau Members

Bureau of A. & H. Underwriters has added to its membership Life of Virginia, Continental Assurance, Vermont Accident, Provident Mutual Life and General Reinsurance.

Seltz Des Moines President

Paul Seltz, manager of Des Moines Casualty, has been elected president of Des Moines Assn. of A. & H. Underwriters. He succeds French Payton. Paul Raines was named vice-president and H. D. Treimer, secretary-treasurer.

New Sun Indemnity Policies

Sun Indemnity has broadened its A. & H. policies. For the accident coverages, non-disabling injury expense coverage will be provided at no extra charge whenever medical reimbursement is not purchased. For health insurance, two-year non-house confining benefits are now available to women; partial disability from sickness is available on a scheduled disability policy for men only at manual rates, paying 50% of total disability benefit for 10 weeks; medical expense while in the hospital may be had on a schedule policy at manual rates, payable in addition to other benefits in the policy at a rate of $3 a day for 90 days. For hospitalization policies, Sun Indemnity now provides hospital indemnity for either 90 or 180 days with up to $15 daily limit and nurse indemnity for 90 days with up to $15 daily limit. Medical expense while in the hospital is payable in addition to surgical and maternity benefits at $3 a day for up to 90 days.

Calls Error "Oversight"

WASHINGTON—Continental Casualty at a hearing before Superintendent Jordan conceded that it had issued a policy without having it countersigned by an authorized representative in District of Columbia but contended that it was an oversight and in any case did not benefit the company. John A. Henry, general counsel, expressed regret for the errors and the company is taking elaborate precautions to prevent recurrence.

Assistant Corporation Counsel Kerman of District of Columbia said he was impressed by the explanation of the company's officers but said that in view of similar cases in the past he couldn't understand the company's "continued carelessness."

Hear Talk on Communism

Major John Knezevich, head of army-navy intelligence in the Middle East during the war, spoke at the May meeting of A. & H. Managers Club of Los Angeles, on "Influence of Communism Throughout the World."

The club elected William E. Lebby, Lebby agency, as delegate to the convention of the International association and also nominated him for election to the executive committee of the International.

The club also voted to join with San Francisco in favoring that city for the convention city in 1954.

Platt Joins Postal L. & C.

H. Edmund Platt has been appointed superintendent of agents of Postal Life & Casualty. He was formerly home office general agent of Michigan Life at Detroit and a consultant on pensions and business insurance for Provident Mutual. He graduated from Oberlin College and University of Chicago law school.

Plan New DISC in Texas

C. E. McDonald, Guardian International Life, was named chairman of a committee to plan for the next disability insurance sales course to be sponsored by the Texas Assn. of A. & H. Underwriters. The association directors, meeting at Austin, also heard reports on the prospective establishment of new associations in the lower Rio Grande Valley and at San Angelo, Odessa, El Paso, and Beaumont. O. D. Harlan, National Travelers, presented a tentative plan for zoning the state.

Hobbs Regional Supervisor

J. Leslie Hobbs has been named regional supervisor at South Bend, Ind., for American Income of Indianapolis, in charge of 11 counties.

COMPENSATION

End Hearings on Proposals for Cal. W. C. Rule Changes

LOS ANGELES—Commissioner Maloney has taken under advisement application of California Inspection & Rating Bureau for changes in workmen's compensation rules following three days of conferences, two here and one at San Francisco.

The bureau's proposals were presented by Frank J. Creede, counsel, John Rowell, actuary, and Leo Phelan, secretary. James M. Cahill, secretary of National Bureau of Casualty Underwriters, and William Leslie, Jr., assistant manager of National Council on Compensation Insurance, appeared for their respective organizations.

Mr. Cahill, noting that the bureau is using trend factors in lines other than workmen's compensation, said that the days of three to five year experience bases are gone. "We must work on the yearly basis to make rates." Generally, he added, calendar year experience is being used to get trends. Loss ratios are adverse in states having the largest premium volume, making the situation critical, he said.

Mr. Leslie remarked that the expense factor in California is two points lower than in other states and recommended the country-wide factor for use in Cali-

fornia. He said that small risks are not paying their way in California.

Letters were read from California Society of Insurance Brokers and California Assn. of Insurance Agents. It was stated that members of the agents' association had lines canceled or uprated because of adverse loss history, that companies have placed higher underwriting requirements on business, that some companies are refusing small risks, while others are retiring entirely from workmen's compensation. It was further stated that the state compensation fund is selecting business restrictively and refusing some lines.

N. J. Compensation Results Told at Bureau Meeting

At the annual meeting at Newark of Compensation Rating & Inspection Bureau of New Jersey, Travelers, U. S. F. & G., American Mutual Liability and New Jersey Manufacturers Casualty were elected to the board of governors.

Bernard Hamilton, manager of the bureau, stated the earned premium for calendar year 1951 was $48,128,799 with a loss ratio of 70.63. The incurred loss is at the all-time high of $33,993,438. The substantial increase in the loss ratio should be viewed in the light of the substantially increased premium rates that are now in force, he said. "If we view the recent developments on a six months basis instead of the calendar year basis shown above, there is evidence that the experience has improved."

For the six months ending June 30, 1950, the loss ratio was 60.56% and for the period ending Dec. 31, 1950, 65.50%. It reached the peak for the six months ended June 30, 1951, with a loss ratio of 78.36%, and for the period ending Dec. 31, 1951, it dropped to 63.75%.

The proposed retirement plan for employes of the bureau was put over until a meeting of the bureau to be held June 10 at Newark.

Waitkus Award Reversed

HARRISBURG—Pennsylvania workmen's compensation board has denied a $3,500 compensation payment to Eddie Waitkus, Phillies first baseman, for medical expenses after he was shot by a bobby-sox fan in a Chicago hotel room in 1949.

Reversing a referee's award, the board held that Waitkus went to the hotel room of Ruth Anne Burns in response to a note "to satisfy his curiosity" and not because he was endeavoring to promote public good will for the baseball club.

Travelers, compensation carrier for the ball club, had appealed the $3,500 grant. Waitkus sought $4,000.

CHANGES

H. L. Eggert, W. J. French Go With American Re

Harold L. Eggert and William J. French have joined the underwriting staff of American Reinsurance, the former in the general casualty division of the underwriting department and the latter in the surety and fidelity division.

Mr. Eggert began his insurance career in 1932 with Fidelity & Casualty, was later with American Lumbermen's Mutual Casualty and more recently with the Employers Reinsurance.

Mr. French's underwriting experience has been in the bonding field, his first 10 years with Fidelity & Casualty and the last four with General Reinsurance.

Schaller Heads Continental's Eastern Surety Department

Robert T. Schaller has joined the Continental Casualty as resident vice-president of the eastern surety department at New York, effective June 1. He will be in charge of surety and fidelity operations covering the eastern seaboard.

A graduate in 1930 of University of Pennsylvania business school, where he majored in insurance and suretyship, Mr. Schaller has been in insurance ever since. He was for three years at Philadelphia with Southern Surety and Massachusetts Bonding.

He joined National Surety in 1933, and was assistant manager at Philadelphia until 1938, when he was made manager at Buffalo. In 1944 he was moved to Detroit as manager for Michigan, a post he has filled since that time.

He is immediate past president of Surety Assn. and Casualty & Surety Executives Assn., both of Michigan.

Central Surety Changes

Arthur B. Eisenhower, executive vice-president of Commerce Trust Co. of Kansas City, has been elected a director of Central Surety to fill the vacancy caused by the death of George W. Dillon.

C. E. Craven has been elected an assistant secretary and R. W. Doty is a new assistant treasurer.

C. Lyall Fidler, local agent at **Medford, Ore.**, has purchased the Huff agency.

Next Auto Rate Boost Will Ease Market, Brewster Says

The forthcoming revisions of rates for automobile liability insurance should ease the market for this kind of coverage, William H. Brewster, manager of the automobile division of National Bureau of Casualty Underwriters, told Suffolk County Agents' Assn. at Bayshore, N. Y., Wednesday.

"It is now quite generally known that further substantial rate increases are necessary at the present time," Mr. Brewster stated, "and in order to approach the present rate problem realistically for the determination of rates which are adequate for the balance of 1952 and 1953, it is necessary that we utilize the most recent loss ratio and claim cost data available.

"In this way we shall be able to close the gap between the latest policy year experience, state by state, and the period during which the new rates will be applicable. In the face of the severe underwiting losses, the need for increased rates in the immediate future is self-evident." Mr. Brewster pointed out that 1951 produced the greatest underwriting loss ever experienced on automobile liability insurance by the stock companies, with the total loss estimated to exceed $100 million.

"On the basis of oral reports from company executives, the experience during the first three months of 1952 has been even worse than in 1951," he added. "In the light of these facts and the continued upward spiral of our inflationary economy there is no doubt that further substantial rate increases are necessary at this time." The insuring public has indicated a definite sensitiveness with respect to any increase in the cost of automobile liability insurance, he said, but has overlooked the fact that the present countrywide average rate level of stock companies for B. I. and P. D. coverage combined is only 35% above the prewar level.

Utica Mutual Is Parent Company

In the ranking of company groups on the basis of premiums written that appeared in the April 17 issue, Utica Mutual, which ranks 60th, was incorrectly referred to Allied Fire, which is the affiliated company. Utica Mutual is the parent company in this group.

Insurance Brokers Assn. of Massachusetts will hold its annual outing June 9. Herbert Gove, Boston, is chairman.

Travel Accident Needs of Groups Are Outlined

Employers purchase travel coverage on employes because of latter asking for it, to get employes to accept unusual assignments, such as a trip abroad, and to discharge a feeling of responsibility if employe is killed while performing other than normal duties, W. Edgar Kipp, assistant secretary Indemnity of North America, told the insurance conference of American Management Assn. in New York.

The type of traveling done determines pretty much the kind of coverage desired. Coverages range from individual policies on air travel only up to blanket forms covering all travel hazards for all employes.

One inadequacy of individual and named schedule policies is that they may not be in effect at the time of the accident, he noted. Policies of this type require that someone place an order for insurance, directly or indirectly. The blanket form automatically covers every employe against the hazards for which protection has been purchased and requires no action by employe or anyone else.

Needs of a Law Firm

One type of protection is purchased by a law firm. The hazards encountered when the employe reached his destination were deemed to be no greater than while at his normal place of business, but travel by employes was not routine. This led to the feeling that transportation was more than a normal risk and to purchase of insurance against loss resulting from transportation, by air and public conveyance. This the employer and employe regarded as adequate.

In the case of an insurance company, travel was routine. It was considered a regular daily duty of employes. The only activity which appeared to be more hazardous than normal was flying. This company selected coverage against all hazards of flying to which an employe might be exposed.

In these cases emphasis was on particular hazards of travel by conveyance because that seemed to be the hazard not normal to the business operations. In other instances travel is considered normal but emphasis is on occupational hazards, for example, newsreel cameramen, reporters, technicians riding in military aircraft, submarines and naval vessels, etc.

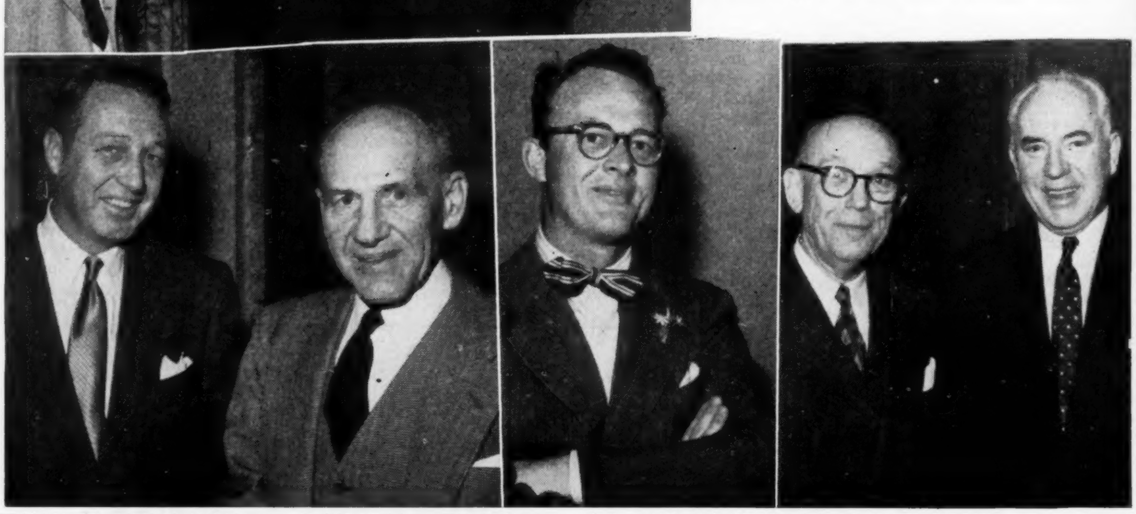
For a large department store travel may be a matter of routine for only a limited number of executives and buyers going to important markets. Insurance for such employes usually is limited to executives and buyers and covers all hazards from the beginning of the trip to the end.

Mr. Kipp described an ideal policy for the protection of the traveling employe. The coverage would be blanket as to all hazards and as to all employes traveling on company business. It would cover in all types of aircraft, including company owned or industrial aid planes and even in individually owned planes. It would cover war risk while employe is traveling outside the U.S. It would include benefits for loss of life, limb, time and medical expense. For foreign exposures, it would include weekly benefits for loss of time due to sickness. Benefits would be based on earned income of the traveling employe.

He recommended that for loss of life a death benefit of twice the annual earned income be provided. Weekly indemnity would be at the rate of 80% of earned income and medical expense for accident would be approximately 20 times weekly indemnity.

Consideration could also be given to voluntary workmen's compensation for employes stationed abroad, blanket accident to cover conventions or meetings of agents or dealers, and activities of athletic teams sponsored by the employer. He noted that the weekly indemnity for sickness frequently is overlooked though it contributes a valuable service since when abroad the traveling employer is exposed to endemic diseases.

A. M. Wilson, A. & H. underwriting manager of Liberty Mutual, reviewed his company's experience with catastrophe medical coverage.



Headliners at Kansas City sales congress: Above, Maurice Ramsey, Fidelity & Deposit, publicity committee; Superintendent Leggett of Missouri; John Nuckles, secretary Insurance Agents Assn. of Kansas City, and Commissioner Sullivan of Kansas. Below: R. A. Braddock, R. B. Jones & Sons, president Casualty & Surety Underwriters Assn.; W. R. Evans, manager American Surety and general chairman of the sales congress; H. A. Sloan of Altman-Singleton agency, publicity committee; R. B. Duboc, president of Western Casualty & Surety, and George F. Ainslie, Jr., vice-president of American Surety, who gave a convention address.

N. Y. Glass Experience Rating Plan Is Revised

National Bureau of Casualty Underwriters has revised the present New York "glass experience rating plan." The revised plan is applicable to all New York glass experience ratings bearing an effective date of Aug. 1 and later.

This plan follows in general the arrangement and phraseology of the automobile and general liability experience rating plans for New York. Among the more important changes are:

1. A risk shall be subject to experience rating if (a) the annual manual premium for the New York exposures for the ensuing years is at least $300, or (b) the premium subject to experience rating based upon New York exposures for the experience period is not less than $825. A risk which does not qualify for rating under the above provisions may, nevertheless, be rated provided the exposures of the risk in states other than New York have produced during the experience period a premium subject to experience rating of not less than $825.

2. The maximum credit has been increased from 50% to 75% and the maximum debit from 100% to 150%.

3. The credibility factor is determined solely on the basis of the total premium subject to experience rating for the experience period.

Name Speakers for Mutual Casualty Chicago Meets

The office methods and procedures, and the accounting and statistical committee meetings of Conference of Mutual Casualty Companies have been slated for June 19-20 at Chicago. C. E. Marquardt, State Farm Mutual Automobile, is chairman of the office methods group, and Roy H. Chatfield, Employers Mutual Casualty of Des Moines, is chairman of the accounting and statistical committee.

The first day talks will be given by R. J. Garvey, Lumbermen's Mutual Casualty; Norman Felgner, Franklin Mutual Automobile; W. A. Hults, Auto-Owners of Michigan and J. Albert Metzger, Farm Bureau of Ohio. These will be the speakers on office methods and procedures, and at the accounting and statistical meeting the following day the speakers will be S. Alexander Bell, manager of Midwest Statistical Service; R. M. Kelliher, Farmers Mutual Automobile of Madison; R. H. Redus, Iowa Mutual Casualty; Joseph R. Glennon, Illinois insurance department, and W. A. Wilson, Farm Bureau of Ohio.

Conference of Mutual Casualty Companies is the casualty group of National Assn. of Mutual Insurance Companies.

Young Driver Loss Ratio Up Sharply in '51 over '50

One of the companies has just struck off its loss experience for 1950 and '51 on drivers age 25 and less divided between farm and other risks. In the farm field in 1950, the loss ratio was 94 and in 1951 it was 111. On the other than farm class, the 1950 loss ratio was also 94 and in 1951 it was 101.

Ill. Bureau Rally June 3-4

The annual meeting of members and subscribers of Illinois Bureau of Casualty Insurers will take place June 3-4 at Springfield. There will be a cocktail gathering the afternoon of June 3 with Illinois National Casualty as host at St. Nicholas hotel. On June 4 there will be a day of golf, etc., at Illini Country Club.

Safety Meet at St. Louis

Louis H. Antoine of American Automobile, president of the Safety Council of Greater St. Louis, has announced that the Central States Safety Conference is to be held there May 27-29. There will be about 20 sessions covering industrial traffic, public and home safety, commercial vehicle operations, industrial hygiene, food spoilage and fire prevention and many exhibits.

Tips from Loss Man on How to Buy U. & O. Cover

NEW YORK—Daily or weekly limits are not necessary in business interruption insurance and are actually undesirable, Robert M. Beatty, executive assistant of W. A. Alexander & Co., Chicago, said at the insurance conference of American Management Assn. here. For insured, the two item and gross earnings forms actually are blanket coverage for the days, weeks and months of interruption. Losses long since have taught that the more blanket the cover, the greater protection afforded the policyholder.

The fire two item form and the gross earnings form afford the same protection for the policyholder, except where the item of ordinary payroll is not insured under the two item form. In recent years adjusters have repeatedly followed exactly the same approach to the adjustment of losses under either form, he said.

Attitude of Insured Changes

The attitude of insured has changed toward supplying pertinent and sometimes confidential information necessary to perfect a proper business interruption cover at inception. It was usual a few years ago for a business man practically to refuse to disclose pertinent information concerning sales, costs and expenses. Public ownership of capital stock, income tax laws and more universal acceptance of time element coverages changed all of this. Well thought out U. & O., periodically revised, leads to conclusion of a satisfactory loss adjustment.

Praising the two item contribution and gross earnings forms, he noted there are still in force and being written U. & O. forms that segregate the coverage to various items of expense and with a separate item on net profits. Losses have taught the business to look into the future to determine an over-all blanket business interruption value. Breaking the over-all into component parts may result in chagrin and dissatisfaction.

It has been argued repeatedly that time element losses are difficult to adjust because the adjuster must rely largely on estimates of what the business would have accomplished had no loss occurred. Actually businesses of all kinds rely on estimates throughout every minute of existence. In constructing a building or equipping a plant, the contractor and owner must estimate its cost. A business man having constructed and equipped a plant must rely on estimates of cost in order to establish a selling price and obtain a net profit so that he may share it with the government.

Losses have demonstrated that U. & O. is truly "business life insurance." It guarantees the brains, knowhow and normal cash reserves with which to function upon restoration.

U. & O. Saves a Business

Mr. Beatty recently visited a man whose company sustained a severe fire loss which caused 14 months of interruption. He received payments under his business interruption policies of $1,250,000. "Except for that business interruption cover, you and I unquestionably would not be sitting here today in this conversation. This property would probably have become a derelict and goodness knows where I would be." Another manufacturing concern sustained a serious explosion and fire loss which put them out of business for just short of a year. Their business interruption loss approached $1,000,000. Today they are flourishing.

In the actual mechanics of business interruption adjustments, the important ingredient is time, time to salvage, remove debris, obtain bids, sign contracts for restoration, actual period of construction work and reasonable time to resume operation of the facilities so as to eliminate the bugs and mistakes that occurred in the restoration. Time does not include restoring a facility of much greater capacity or a different type which would extend the time beyond that required to restore the property described in the policy. Time conversely does not deprive insured of his full recovery in the event he should elect to restore only a portion of the property and thereby curtail the facilities and operations.

Time sometimes does not mean all of components enumerated. In two fairly recent losses insured were occupying rented space. In each case, the lease was about to expire and a move to another location was coming. The time to restore the building, machinery and equipment in each instance was approximately five times the remaining time under the leases. In one case, the time element was considered the remaining time premises would have been used. By a strange coincidence, insured actually recovered more money because there was a lesser U. & O. value and resulting penalty under the contribution clause for the shorter period than if the entire time to restore and a year's business interruption value had been employed. In the other case, the time element adopted was the period necessary to restore the damaged furniture, fixtures and equipment which would have been moved to a new location. That time happened to be somewhat longer than the remaining days of the lease, yet not nearly as long as the restoration of the buildings and facilities of the property destroyed.

Items Most Negotiated

Probably the items that require most discussion in U. & O. adjustments are depreciation, amortization, interest on indebtedness, advertising and the continuance or employment of important payroll during a suspension. All of these are generally substantial operating costs. Sometimes depreciation abates entirely while in other cases there is small abatement. Amortization charges which result from improvements to lease property rarely abate. Interest rarely ceases but under a given set of circumstances might not continue. Advertising generally abates but in many cases continues almost in its entirety. Key payroll is ofttimes employed in the actual restoration of property and is earned by that work. This results in the portion so employed becoming abated expense.

Coinsurance is the great equalizer and must be treated with the same respect here as in other contracts of insurance. In a small contingent business interruption loss a few years ago insured was a severe coinsurer. After many months, the broker made his 50th complaint about insured's inability to produce figures. In desperation, the adjuster said, "We will give you $2,000 providing you can supply figures to justify that amount." In a few days the $2,000 was accepted but there were still no figures. Mr. Beatty made an exhaustive check of insured's operations. The coinsurance clause did not permit agreement upon more than $1,100 or approximately 3% of insured's gross loss. There have been no more round figure proposals of settlement.

Resumption of operations after a loss has occurred has produced some novel situations. A manufacturer had a one story building broken up by brick walls into three areas. The roof of two areas

(CONTINUED ON PAGE 31)

J. F. Matthai, U. S. F. & G., retiring president of Assn. of Casualty & Surety Companies, shown at the annual luncheon in New York at the head table with J. M. Haines, past president of the association and retired U. S. manager of Phoenix-London; Frank Christensen, head of America Fore and another association past president, and A. Bruce Bielaski of National Board.

Senator Cain Proposes New Social Security Approach

Calling the social security system "an unjust and cruel deception," Senator Harry P. Cain of Washington outlined for the annual meeting of Medical Society of New Jersey at Atlantic City, his own plan for a new social security system.

The substance of Sen. Cain's plan is that the government directly assume a specific responsibility toward all persons 65 and over, all dependent children and all persons who can show, upon certification by a physician, that they are permanently and totally disabled. To such persons—the old, the dependent child and disabled—who apply, the government shall pay every month a flat sum which shall be tax free.

"The amount shall be fixed by competent actuaries and economists," the senator said. "The sum shall explicitly be a contribution toward the living of the recipient. The government should not assume the responsibility of providing a living income for any one. The government should simply see to it that a regular contribution goes to all in these categories and that any deficit for those who are completely destitute shall be taken care of by state and local authority.

The program would be financed through a surtax on incomes.

"The most important feature of this concept of social responsibility for those in need of aid is that the budgetary requirements can be calculated for each year," Sen. Cain declared. "In this way we escape future obligations which possibly could not be met. This concept cuts through the present social security jungle. The tangle of contributory taxes, varying with income, vanishes. The horde of jobholders now required to man the social security system becomes unnecessary."

In opposing compulsory health insurance, Senator Cain said he thinks the doctors could permanently defeat it "if they regard the medical care of our people as their political as well as their professional responsibility." He said there was no single way of handling the problem but that a combination of moves should prove effective, including:

Blue Cross plans, insurance for "catastrophic illness," and similar plans should be pushed "as far as they will go."

Guaranteed small interest bearing loans should be set up—perhaps as a result of an undertaking between the organized medical profession and the banks—to pay medical bills. "Such an arrangement would knock out the loan sharks," he said, "and if installment payments are good for television sets, they ought to be good for medical care."

Medical care for the indigent should be overhauled and streamlined.

200 at Lumbermens Mutual N. Y. Breakfast for Buyers

About 200 attended the breakfast given during the insurance conference of American Management Assn. at New York City by Lumbermens Mutual Casualty and American Motorists. This is a traditional affair and attracts an increasing number of insurance buyers each year.

From Chicago, those on the receiving line included N. C. Flanagin, R. P. Palmer, F. W. Compton, G. C. Bonstelle, Palmer App, W. R. White, Jr., and Paul Steinkamp. Also on hand were G. W. Petersen, manager at Philadelphia, and representatives from Boston, Newark, New York and Syracuse.

Pacific Indemnity Report

Pacific Indemnity reports net premiums written the first quarter of $6,094,208, compared with $5,972,359 for the same quarter of 1951. Operations produced a net loss, after federal income taxes, of $502,914 compared with a net loss of $207,654 the same quarter of 1951. Assets March 31 were $42,400,439, a decrease of $640,686 for the quarter; surplus to policyholders $11,192,290, a decrease of $223,199, after dividends of $112,500.

Colo. Wins Traffic Safety Contest

Colorado and Shaker Heights, O., have been named grand award winners in the 1951 traffic safety contest conducted by National Safety Council.

Five other states and 27 other cities won divisional honors. All 48 states and 677 cities participated in the contest, which covered the calendar year of 1951. In addition, 601 municipalities with populations between 5,000 and 10,000 were cited in the honor roll section of the contest for going through 1951 without a traffic fatality.

Cities which won first place in their population groups were: Los Angeles, among cities of more than 1,000,000 population; Washington, D. C., 750,000-1,000,000; Minneapolis, 500,000-750,000; Seattle, 350,000-500,000; Providence, R. I., and Rochester, N. Y., tied in the 200,000-350,000; South Bend and Berkeley, Cal., tied, 100,000-200,000; Kalamazoo, Mich., 50,000-100,000; Shaker Heights, O., 25,000-50,000, in addition to winning the grand award, and Stillwater, Okla., 10,000-25,000.

McGuffin Heads Michigan Independent Casualty Unit

LANSING, MICH. — C. R. McGuffin, Michigan Mutual Automobile, was named president of Michigan Bureau of Casualty Companies at its annual meeting held here. He succeeds E. L. Brandt of Auto-Owners, who had served two years, the limit term allowed.

Concern was expressed over the continuing high auto liability loss ratio and the alarming upward trend in medical payments. Fifteen companies were represented at the session, which was marked by a conference with Michigan department executives.

Harold Moore, Wolverine, was named a director to succeed the late Harvey Fineout, also of Wolverine.

T. A. Eggleston Featured

Thomas A. Eggleston, Detroit manager of Aetna Casualty, spoke on "Employe Dishonesty" at a joint meeting of the Toledo and Cleveland units of National Assn. of Bank Auditors & Comptrollers, at Toledo. His appearance was sponsored by the Picton-Cavanaugh agency of Toledo.

King & Ramsay, Michigan general agents for Western Fire and Western Casualty, on May 31 will move to larger quarters, taking over the entire 17th floor in the David Stott building in Detroit.

Insurance Women of Wichita have invited insurance women from Topeka, Hutchinson and El Dorado to meet with them for their final dinner of the year June 4. Mary Gambill, national president, and Geneva Light, national corresponding secretary, will be honored guests. New Wichita officers will be installed.

Insurance Women of San Gabriel Valley (Cal.) elected these officers: President, Olwyn Stephens, Arcadia; vice-president, Donna Smith, Pasadena; secretaries, Ceceila Ditlefsen, Altadena, and Viola Pryor, Pasadena; treasurer, Patty Pierce, Los Angeles.

Larry W. Bome and Don L. Roberts have established a new agency at **Portland, Ore.** Mr. Bome was formerly executive secretary of Portland Real Estate Board.

Kemper Terms 1951 One of Worst for Casualty Insurance

James S. Kemper, chairman of Lumbermens Mutual Casualty, told its annual meeting at Chicago that 1951 will go down as one of the least satisfactory in the history of casualty insurance.

"Unlike the 1930s, however, most of the casualty companies had good investment earnings last year, so that the net over-all result was not as bad as otherwise it might have been," he said.

For Lumbermens, the results for 1951 were better than anticipated, he stated. Its personnel was on guard against the acceptance of undesirable business and on notice as to the necessity of extending every effort to operate efficiently and economically, he declared.

Mr. Kemper said further increases in automobile rates seem inevitable. "In 1951, past experience proved an unreliable guide because it did not allow for increases in accident frequency, rapidly mounting claim costs and the inflationary influence on judges and juries.

Increases May Be Inadequate

"This gap between what should have been charged and what was charged resulted in insurance companies generally operating at a loss on automobile liability coverages in 1951. Though Lumbermens' experience followed the general trend, it was considerably better than the average for the industry.

"While rate increases were approved by most of the insurance departments, these adjustments may not prove adequate. Further increases seem inevitable unless government takes the obvious steps necessary to check inflation, and motorists become more conscious of their responsibility as citizens. Even with the increases granted—and despite the effects of inflation on costs—automobile bodily injury and property damage insurance costs only about 5% more today than it did in the depression year of 1932," he said.

In the fidelity insurance field, he said employe dishonesty continued to be a major problem in 1951, but despite the increase in thefts, over-all burglary and robbery experience continues satisfactory.

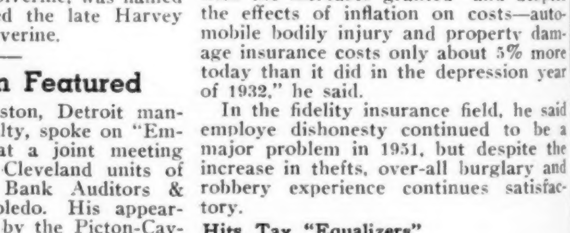
Hits Tax "Equalizers"

Mr. Kemper criticized organizations which have "continued their efforts to confuse the public with respect to the federal tax situation of mutual fire and casualty companies," and the "campaign to secure amendments to the tax law which would have the indirect effect of reducing mutual policyholder dividend refunds."

He advocated the adoption of a definite war damage insurance program so that detailed plans would be ready in the event of the outbreak of more serious hostilities.

"By utilizing the well-established facilities of the insurance industry for carrying out any such program, a large government bureau would be eliminated. The efficient organization of private insurance carriers operating such a program would assure its handling at an absolute minimum of expense. It is our belief that companies and agents should be reimbursed for expenses only."

Malcolm Cravens of Cravens-Dargan general agency at San Francisco; Bruce Snyder, Ocean Accident, and Kemp Dargan of Cravens-Dargan, Houston, at Assn. of Casualty & Surety Companies annual meeting in New York.



JACKSON TELLS BUYERS

Methods of Employe Theft Point Way to Prevention

An employer can minimize the degree of vulnerability to most hazards by diligence in selecting competent employes, John J. Jackson, assistant general attorney of Fidelity & Deposit, told the insurance conference of American Management Assn. in New York. Competence alone, however, does not lessen the greatest of all hazards, loss through employe dishonesty. The competent employe is the best equipped one to carry on stealings over long periods without detection.

The methods of stealing are many, but the most frequent probably are padding of payrolls, reporting as non-collectible doubtful bills which were collected, failure to record cash sales, raising checks after they have been signed, and having checks drawn in payment of fictitious bills and cashing such checks.

An interesting case is now pending. A large manufacturing company discovered that one of its weighmasters was involved with some junk dealers in stealing large quantities of scrap metal. The dealers had contracts with the company to buy scrap which was hauled away in the dealers' trucks. The weighmaster conceived the idea of increasing the listed weight of each truck over its actual weight, and loading upon each truck 200 pounds more scrap than the amount for which the dealer paid. In some instances he also permitted full loads to be taken without putting through invoices. The weighmaster and three dealers were prosecuted criminally and found guilty. While it is known that the loss is large, the amount cannot be determined with any accuracy.

Simple to Steal

Large losses can be created by the simplest of methods. A minor clerk of an oil company stole over $600,000. As a part of its advertising program the company furnished its service stations with lubrication reminder post cards which the stations mailed to customers. As needed, the cards were ordered by the stations at 1c each, the price of the postage. The cost of handling the cards and having them printed was absorbed by the company. The assistant chief clerk of the advertising department handled the orders from the stations. Over a period of years, the clerk placed fictitious orders with a printer, with whom he was in collusion, for millions of cards which were not printed, but for which the company was billed. The proceeds of the checks regularly issued in payment of these bills were divided between the clerk and the printer.

The dishonest employe sometimes resorts to numerous methods of stealing. The salaried accountant of a large manufacturing company cashed checks payable to the company, falsified expense accounts, and misappropriated the proceeds from the sale of scrap and moneys obtained from the legitimate sale of the company's merchandise to fellow employes. He operated a business of his own and paid salaries and other expenses with company funds. He padded payrolls with fictitious workers and cashed these checks. His operations were continued for seven or eight years, with a loss to the company of nearly $20,000. This loss is no more incredible than many others that pass through the claim departments of surety companies.

No system of bookkeeping, or auditing, or control of operations is adequate in itself. Furthermore the system cannot be left to operate itself automatically. Usually any serious defalcation is due to a breakdown in the operation of the system in use rather than to inefficiency in the system as such. In most cases, large defalcations are attributable to some honest employe's failure to carry out some simple assignment. Employes working together, getting to know and trust each other, and being not to anxious to work, are inclined to "let the other fellow do it." It is here the dishonest employe steps in and takes over a small portion of another's work. While, to the employe relieved of the work, this might seem insignificant, his task is often the key to the system of internal control and by reason of assuming this task, the dishonest employe is enabled to conceal the theft.

The first thing a company auditor should do is to study the system in use and be certain that he knows why specific duties have been assigned to various employes. During the course of his audit, he should make certain that, in the daily practical operations of business, each employe is carrying out his specific assignment.

An auditor who finds a moderate salaried employe working overtime, or working outside the scope of his regular duties, without additional compensation, should check closely.

What precautions should be taken to deter stealing by employes, or detect it in its early stages? Wherever possible, make certain that all cash transactions are immediately and permanently recorded. This not only makes stealing more difficult, but in case of a default, enables the company more readily to determine the amount of its loss.

If a cash register with numbered receipts is used—and it should be—make certain it is handled properly. Make certain the customer received a receipted bill, that the other outside copies are properly handled, and that the copy retained in the machine is accounted for.

Overstating Accounts Receivable

Losses frequently are caused by overstating accounts receivable. A check for $100 is received from customer A, the check is deposited, a corresponding amount of cash is removed from the till and pocketed, and credit is withheld from A's account. Later customer B pays his account in the amount of $150 and his check is deposited, but the employe retained $50, credits A's account with $100 and withholds credit from B's account. The effect is that a shortage of $150 exists—reflected in B's account—but both A's and B's checks have been deposited. Two separate losses occur—one of $100 at the time of the deposit of A's check, and the other of $50 at the time of the deposit of B's check.

Confirmation of outstanding accounts will not prevent losses of this nature but will bring about early detection. He strongly urged that verification of outstanding accounts be embraced in the audit procedure. In verifying outstandings, it is most important to have a complete list of receivables. In many cases employes were able to conceal from the auditors the accounts they were manipulating.

Merchandise readily handled and easily disposed of is a real hazard. As tight a control as possible is important. Where possible, it is preferable to have one person responsible for inventory, and for that person to receive or ship merchandise only on properly authorized vouchers. The full system of control over merchandise depends on the business, but a few fundamental safeguards should be in all systems.

Employes receiving new merchandise should be required to carefully check the actual goods received against the invoice. In some cases, it is most important that the actual dates of theft be known. Where possible all cash receipts should be deposited daily, and duplicate deposit slips showing the makers of the checks should be retained. If such a system is used and the daily receipts are deposited intact, a comparison of the duplicate deposit slips with recorded receipts will often disclose the fact that the receipts were not properly handled.

Where it is impractical to control physical handling of merchandise, it is impossible to prevent stealing, but it is possible to detect it before it has grown to considerable size. Physical inventories by someone other than the person handling the goods should be taken as often as possible. Between inventories tests should be made to determine if the percentage of gross profit is following a normal trend. If not, a thorough investigation should be made immediately.

Over-all, he advised, watch for the unexpected, and then investigate thoroughly any violations of regulations or breakdown in the system. Investigate employes carefully before hiring. But do not stop there. Get to know their habits outside working hours. Are they living beyond their means, gambling or drinking excessively? What about their family life? Many large losses could have been nipped if management had been curious enough to inquire where the money was coming from to support extraordinary spending.

If the employer is uneasy about an employe, take him from a money handling job and give him one in which he is less exposed to temptation. Be alert, to prevent small shortages from developing into large ones. Most people are honest, but some employe may be stealing. Be sure to have a system which adequately meets particular needs; and be diligent in maintaining that system at working efficiency. Look for leaks, especially small leaks. And carry an adequate amount of insurance.

W. F. Bernhard, General Accident; John S. Love, Home Indemnity; J. H. Finlayson, assistant fire and accident manager of Phoenix-London, London; E. P. Smith, Norwich Union, and John R. Robinson, Phoenix-London, New York.

To Insure or Not to Insure—Taxes May Give Answer

NEW YORK—Every important decision made in the insurance field has to be considered carefully in the light of the tax consequences, James P. Murtagh of Simpson, Thacher & Bartlett, New York, told the insurance conference of American Management Assn. here.

In fire insurance tax considerations, while important, are not likely to control the decision of whether or not to take out insurance. However, what is the effect of taxes on losses not insured as contrasted with insured losses? A loss not covered by insurance may not be too serious if some way can be found of using it to minimize taxes, by way of a deduction from gross income.

The basis for determining the amount of the deduction is the depreciated cost basis of the property. Accordingly, if the loss occurs in a very high tax year and the corporation has large earnings for that year, a major portion of the loss sustained may, in effect, be paid for by the government. In an excess profits tax year such as this one—the government may pay 82% of the loss and the taxpayer 18%. Even if the corporation has no income in the year in which the loss occurs, the benefit of a deduction may not be completely lost, because of the provision for carrying forward losses for five years.

Situation When Insured

Suppose, however, the loss has been insured. If the proceeds of the insurance exceed t..e depreciated cost basis of the property it would appear the corporation has realized a taxable gain. But if the proceeds are less than the depreciated cost basis, it would appear that a loss has occurred. This is one of the few areas in which the internal revenue code is very favorable to the taxpayer.

The applicable section, Section 117 (j), provides that if a corporation at the end of a year adds up all the gains and losses upon the sale or exchange of property used in the trade or business, including gains and losses of this sort, and if such gains exceed the losses, the corporation may report the net gains as a capital gain and pay only a 26% tax. If the losses exceed the gains, the taxpayer may treat the loss not as a capital loss but as an ordinary loss, thereby effecting a much greater tax saving than if it had been a capital loss.

No decision on the advisability of insuring against the risk of fire can, however, be made without considering the effect of taxes on the cost of insurance. Premiums paid for fire and other types of damage insurance are a deductible business expense. Accordingly, if premiums are paid in a year in which the tax rates are high and in which the corporation enjoys large earnings, the actual expenditure made by the corporation for insurance is far less than the amount paid insurer.

May Be As Low As 18%

In the current year, if the corporation is in the excess profits tax bracket, the cost may be as low as 18% of the premium actually paid to insurer. Consequently, a corporation would be unwise to dispense with insurance because it felt it could use as a tax deduction any loss that it was likely to suffer—without at least considering the fact that the cost of insurance after taking into account the deduction would be very small.

Suppose a corporation insures one of its plants and a fire occurs causing a loss of $1 million. The plant is completely destroyed. It originally cost the corporation $700,000 to construct in 1932. It had a 40-year life expectancy and so the corporation has taken deductions for depreciation on the basis of a 40-year life. The tax basis at time of fire had been reduced to $350,000. But the fair value of the plant, on today's reproduction costs, is $1 million. The corporation receives $1 million from insurer. The taxpayer is permitted to treat this as a capital gain and pay a tax of 26% on the difference between the insurance proceeds and the depreciated cost basis.

If, however, the corporation is obliged to replace the plant at a cost of $1 million, the net proceeds of the insurance after paying the 26% tax will not be sufficient. For this reason Congress a number of years ago added to the code section 112 (f) designed to make such a transaction tax-free, provided the proceeds of the insurance are invested in a replacement. This section, however, received a fairly narrow construction from the courts. The courts insisted upon the taxpayer establishing a very definite tracing of the proceeds of the insurance into the new plant.

In 1951 section 112 (f) was amended to dispense with the rigid requirements of tracing. As a consequence, it is not necessary to establish that the insurance proceeds were used to purchase the replacement. It is only necessary to establish that a replacement was purchased no earlier than the date on which the property was destroyed and not later than one year after the proceeds were received. Upon application to the Treasury Department the period may be extended.

The property which replaced the destroyed property is then held by the taxpayer at a cost basis, which in general is the same as that of the destroyed property, subject to an upward adjustment for any insurance proceeds above the cost of replacement.

Clark Heads Wis. Adjusters

Wisconsin Casualty Adjusters Assn., meeting at Milwaukee, elected George Clark, Employers group, president, succeeding William Maher, Ohio Casualty; James LaMont, Hardware Mutual, vice-president; Warren George, Allstate, secretary. Plans were announced for the annual golf outing June 9.

Dr. David Ansfield, who spoke on "The Doctor and the Workmen's Compensation Act," suggested that some effort should be made to indoctrinate young doctors to enable them to handle problems encountered in handling compensation cases.

Chicago Adjusters' Outing

The annual golf outing of Casualty Adjusters Assn. of Chicago is to be held at St. Andrews Country Club at West Chicago June 18. The committee consists of H. J. Ball of American Casualty; Walter Bzdek, Anchor Casualty; L. W. Hopper, Western Adjustment; H. J. Hansen, Commonwealth Edison; J. H. MacDonough, Yorkshire Indemnity, and H. E. Nymen, Pinkerton's.

At a dinner of the association Wednesday, Harley J. McNeal of the Cleveland law firm of McNeal & Barry, gave a talk on "Proof of Personal Injuries in Claims and Suits."

Million Dollar Dam Bond

Guy F. Atkinson Co., San Francisco, has been awarded the contract at $1,431,-130 by the Santa Clara valley water district for the construction of the Lexington dam at Windy Point, Cal. Fidelity & Deposit is on the bond.

Chapin Greene to Retire

Chapin F. Greene is being retired by New Amsterdam Casualty July 1 after 33 years of service. In 1919, with an associate, he started the Indianapolis branch of the New Amsterdam. In 1929 he was assigned to reorganize the Detroit branch, which he built up until 1939, when he went to the home office, where he has since acted in various departmental activities.

Mr. Greene started his insurance career in the office of George W. Pangborn at Indianapolis in 1900. Then he became A. & H. special agent for Standard Accident in Indiana, then on the Pacific Coast and in Wisconsin. He later worked as A. & H. special agent in Indiana for Aetna Life and U. S. F. & G. before joining New Amsterdam Casualty.

R. L. Holden Advanced

Hartford Accident has appointed Robert L. Holden superintendent of the fidelity and surety department at Pittsburgh. He attended Rensselaer Polytechnic and University of North Carolina and has been with Hartford Accident since 1946. For five years he has been fidelity and surety special agent at Philadelphia. He is a navy veteran.

Wichita Casualty & Surety Assn. will hold a stag buffet at the home of Homer Minnich, Central Surety, June 6 to close the year.

Robert Laughman, manager of the home office agency of North American Life & Casualty, has been hospitalized by a heart attack and will be away from his office for an indefinite time. He is at Northwestern hospital, Minneapolis.

False Teeth Damage Covered Under Auto Medical Payments

The cost of repairing damage to a removable dental bridge is reimbursable under the medical payments endorsement of the automobile liability policy according to the Illinois appellate court in Gasul vs. Michigan Mutual Liability, 38 CCH (Automobile) 564. It was stipulated that the plaintiff's wife suffered bodily injuries in an automobile accident and the claim of Gasul for $125 was paid to a dentist for repairing a porcelain bridge in his wife's mouth. Michigan Mutual Liability contended that dental services are separate and distinct from medical or surgical services mentioned in the policy and that recovery should be denied.

The court said that under definitions in Black's law dictionary, dentistry is a subdivision of surgery. The policy was evidently intended to cover all reasonable expenses for services and the diagnosis and alleviation of bodily ills sustained by accident while the person injured was in the automobile. No valid reason can exist for excluding injuries to the teeth. The objection that, the bridge being removable, any damage to it is damage to property draws an unnecessarily fine distinction, the court said.

Steinke Goes with Allstate in Educational Work

Robert F. Steinke went with Allstate this week at the Chicago head office in sales educational work. He was for a number of years in the fidelity department of Continental Casualty. Then he was with the National Underwriter Co., as an editor with the Fire, Casualty & Surety Bulletins. Most recently he was engaged in producing insurance sales material for Al Lange at Indianapolis.

Pearl Has New Newark Address

The Newark office of the Pearl-American group has been moved to larger quarters in the Military Park building at 60 Park Place. Recently the group enlarged its Newark staff by the addition of Carl Poulsen, automobile underwriter, and Richard A. Wagner, auto adjuster.

Certiorari Writ Denied

WASHINGTON—The U.S. Supreme Court has denied certiorari writ in No. 732, Sears, Roebuck & Co. vs. Cecil H. Broughton, involving the question of accepting Kentucky's workmen's compensation law.

C. Harry Paulson, claims attorney, for the past year with Sheffer-Cunningham, Wichita adjusters, and formerly with American Auto at Kansas City for 23 years, is confined to the veterans hospital at Leavenworth, Kan., for an indefinite time for treatment of a throat ailment.

Harry C. Moore, president of Beloit (Wis.) Iron Works, has been elected a director of Employers Mutual Liability of Wausau, Wis.

J. Leonard Brown Heads General Agents Body

WHITE SULPHUR SPRINGS, W. VA.—J. Leonard Brown of Braerton, Simonton, Brown of Denver was elected president of American Assn. of Managing General Agents at the convention here this week. He succeeds Harry E. Cragg of Alfred Paull & Son of Wheeling, W. Va. Attendance reached 210 of whom about 40 were company executives. Outdoors activity was marred by rain most of the time. The banquet Tuesday was a gala event and the speaker, U. S. Sentor Tom Underwood of Kentucky, made a big hit.

Harry E. Cragg

J. Leonard Brown

Carl Homer of San Francisco and L. E. Parkhurst of Wilkes-Barre, Pa., are the new vice-presidents. Herbert Cobb Stebbins of Denver keeps on as secretary and Jules Simoneaux of New Orleans is chairman of the executive committee.

If the underwriters and producers will confer, and with open minds endeavor to find the answer to a problem that is troubling the industry, the odds are greatly on the side of success; the industry has come a long way in recent years in its approach to problems through cooperation, and everybody, including the public, has benefited materially, according to Walter Sheldon of Chicago, vice-president of National Assn. of Insurance Agents, who addressed the Tuesday meeting.

The constantly growing encroachment of Government into the insurance business can be stopped only by cooperation at company-agency level, he warned.

The threat of organized labor in its effort to socialize the insurance business and unionize the agent was cited by Mr. Sheldon. Such trends can only be reversed by an informed public, he said, and the public can only be informed by companies and producers working together in a cooperative way.

The answer to the auto problem, he said, lies through an aroused public and the realization by every motorist and pedestrian that his disregard of law and "don't care" attitude must change rapidly.

Unusual Hobby

Alfred C. Bennett, who has been connected with the liquidation bureau of the New York insurance department since the administration of Superintendent James Beha in 1924, and who is currently attorney for Superintendent Bohlinger, liquidator of Preferred Accident, has an unusual hobby. He plays the piano for the entertainment of hospital patients, usually those who are unable to walk. **Currently he is playing** at Memorial hospital in New York City, from 5:15 to 7 p. m. each Wednesday evening. Accompanying him on his current visits is June Winters, a professional singer and actress, who has been with him on numerous similar occasions in the last several years.

Mr. Bennett has been following his hobby since the outbreak of the second war when, casting about for something that he could do in the war effort, he decided there were enough attorneys offering free legal advice to G.I.s and settled on musical entertainment for wounded service men as something a little more distinctive. At a rough guess, Mr. Bennett devoted some 20,000 hours during the war to his appearances at service men's canteens and veterans' hospitals in and near New York and as far away as Florida.

Early in the war he played Saturday afternoons for six months at the Stage Door canteen and then was for two years at the Merchant Seamen's canteen on Thursday evenings.

He has been playing the piano since he was five years old and by the time he was 10 was playing concerts through New England. He paid his expenses through Columbia law school with his music. He plays from memory and has yet to be stumped by a request from any of his audiences.

At one time he had just completed a two-hour stint playing for wounded G.I.s newly returned from the European front and was preparing to depart when one of the soldiers in the ward constituted himself as spokesman. He asked where Mr. Bennett was playing? Mr. Bennett parried the question.

"We'd like to come hear you, if you care to tell us where you are playing," the G.I. said. Mr. Bennett said that he was an attorney and that he only played the piano as a hobby.

"Listen to this, you fellows," the G.I. called out to the ward, the piano player is a mouthpiece!"

Mr. Bennett became interested in Memorial hospital while the young son of Robert E. Dineen, then superintendent of insurance of New York and now vice-president of Northwestern Mutual Life, was there. He learned that the hospital did not have a piano, but that one of the patients had been attempting to raise enough money to purchase one. The patient had accumulated **about $70. Mr.** Bennett set up a collection booth in his country club on Long Island and raised $700. With the $70 already in the till he was able to purchase the hospital a piano. It is mounted on rollers so that it can be taken readily from one ward to another for the entertainment of the non-ambulatory cases. Mr. Bennett and Miss Winters try to make about three wards each of the evenings that they perform.

At the outset of the Preferred Accident liquidation Mr. Bennett devoted all of his working time to it. However, he has long been in general practice of law and is again able to devote about half of his time to his practice. This he conducts from the law office formerly occupied by Mr. Beha in downtown New York.

Shown at the annual meeting of Assn. of Casualty & Surety Companies at New York: H. K. Philips of the headquarters staff and Frank W. Franzen, vice-president of Loyalty group.

Some 30 student members of **Insurance Society of University of Wisconsin** with Prof. John W. Cowee, made a field trip by bus to the head office of Hardware Mutual Casualty at Stevens Point. The company was host to the students at a luncheon and there was an exhibit in the head office auditorium illustrating various aspects of the insurance business.

So. Cal. Marine Men Elect

Marine Underwriters of Southern California elected these officers: President, Fred N. Farrell, A. B. Knowles & Co.; vice-president, W. H. Irby, Fireman's Fund; secretary, John Odin, Automobile; treasurer, Henry M. Sanguinetti, Travelers.

Mr. Sanguinetti, as chairman of the educational committee, and Frank Kane, program chairman, reported on the year's work. Bud Mann, Jr., chairman of the harbor committee, said its report would be given later, as the committee is still negotiating for additional improvements with city officials and harbor officers.

Phoenix of London gave a dinner at Chattanooga for the **Trotter, Boyd & Keese** agency on its 25th anniversary representing that company. The agency still has on its books in Phoenix the first risk which they wrote for that company in 1927. Representing Phoenix on this occasion were John Campion, assistant secretary from the head office and State Agents James G. Hughes and Clarence Sullivan. The agency principals are W. Henry Trotter, Pollack Boyd and Will S. Keese, Jr.

John L. Shaw, National Fire; Seymour E. Smith, Travelers, and Richard E. Farrar, National Fire, at Assn. of Casualty & Surety Companies annual meeting at New York.

Robert McMurphy has joined Hansen & Rowland at Seattle. He was formerly with McCollister & Co. and started with Washington Insurance Examining Bureau.

Herbert C. D. Kelly, special agent of Corroon & Reynolds, spoke before Indianapolis Assn. of Insurance Women on "Women in Business".

Trade Pros and Cons on Deductibles at Buyers' Rally

(CONTINUED FROM PAGE 1)

cause interruptions of service to customers, or damage to good reputation, or both. Loss prevention is more important than primary, or first dollar, reimbursement.

The company worked on the problem about three years. After much effort, it obtained both coverages, but was forced to go abroad for about one-third of each insurance package; that is, for $1 million of $3 million of public liability and for almost $50 million of the $150 million of fire and extended coverage insurance. The average fire and E. C. premium reduction which results from use of a $100,000 deductible is about one-third, giving us a one year premium of $84,000 compared with $125,000 for primary cover.

Federal, North America, and factory mutuals have filed rate schedules for fire and E. C. on a deductible basis. One or more of these schedules have been approved in at least 34 states. These companies have been joined by a few others. But the rest of American insurers have passed up this opportunity to increase their usefulness to American business, and are resisting the efforts of insurance buyers who have thought this thing through, know what they want, and would like to get it through domestic markets and local agents wherever possible, he declared.

He urged buyers to get acquainted with the deductible cover now available in fire and casualty. He believes that after making a careful study of the subject, many buyers will conclude the deductible principle is sound, efficient and economical, that it encourages loss prevention effort by insured, and that its flexibility will enable the buyer to fashion his insurance program to fit his individual requirements, whatever they may be.

Mr. Tearney set forth a number of arguments against excess and deductible coverage. Use of excess or deductible prevents proper spread of risk and enables the comparatively wealthy to achieve a rate advantage over the less wealthy. Some plans contravene the standard fire policy with a prohibition restraining insured from taking out another policy covering the amount of the deductible. Statistics on which rates are based should be examined carefully to see if they are sound. Such rates are now arrived at by what some call judgment.

Do small losses occur frequently enough to permit a substantial lowering of the fire premium and insertion of a deductible? Until adequate loss statistics are available to answer this, fire insurers cannot proceed safely in the sale of policies containing any form of deductible or excess clause.

Availability of excess and deductible forms increases the creation of self-insurance funds and destroys 100 percent indemnity, he said. In fire insurance when the deductible gets beyond the field of maintenance it is bad for agent, company and insuring public. The use of deductibles limited to large value risks or those with many locations may be discriminatory and require consideration of lower deductibles for smaller risks and those of only one location. This form destroys the stated credibility of rate levels because of the reductions for the varying deductibles.

Income Down, Costs Same

Coverage of all eligible risks under present deductible plans would seriously disturb both agency and company income with no lessening of operating cost. It reduces agency commissions by the rate percentage allowed for use of the deductible without commensurate reduction of agency work. Elimination of loss investigations and paying claims of less than the deductible may destroy fire safety activity that normally eliminates the recurrence of loss from preventable causes. Property owners desiring to save money through use of deductible could get the same results by failing to carry insurance up to co-insurance requirements.

The basic principle, however, is the financial one. Considering a hypothetical case of insured with an extremely large policy of fire and E. C. with a reasonable annual premium, it could easily follow that no matter what deductible might have been applied the premium savings against $xx base would be relatively so low that very careful consideration would have to be given to determine whether or not it was a good buy.

There is a growing demand for property insurance that includes a deductible clause or excess of loss clause. Every such policy puts the policy holder in some degree in insurance. If insured will pay the first $850 or $50,000 or whatever amount is agreed upon of any loss he will suffer, the insurer will give him a reduced rate for protection above that amount. Insured get protection for really serious losses at a rate that rewards him for assuming the small losses himself.

However, large deductibles for business concerns pose an important problem, Mr. Tearney admitted. Here the property owner really gets into the insurance business in a big way. He must consider whether he has a big enough property and income account, a sufficient spread of risk, and enough liquid resources to justify assuming the risk. He must also weigh against the premium reduction the cost of operating his own insurance account, the tax saving from premium payments, and the possibility of crippling losses. No fixed rule will apply: A $50,000 self-insured risk may be unsafe for one plant and a $200,000 risk justifiable for another.

In introducing the subject, Chairman Gallagher deplored the fact that most of the discussion so far has been of a squabbling nature. He noted that the deductible must be applied to each occurrence and it takes a good prophet to pick in advance the amount of loss in any one occurrence.

How many buyers operate under self imposed deductibles in making claims? Mr. Jacobus said he thought most companies do this; his own company does. Mr. Brown said it is unsound to present small claims. His own store does not make claim for less than $500. One problem is that Macy's uses 40 or 50 companies—and that would mean 40 or 50 proofs of loss.

If a contractor carried deductible public liability, how would it furnish evidence of insurance where primary cover is required. Mr. Hall said the contractor might be able to work out an arrangement with his customer.

Does insured lose inspection and prevention service, with a big deductible? Mr. Tearney said if insured is large it probably has this service already

Deductible For Trustee

What about deductible for a trustee handling the property of others? Mr. Jacobus said he would hesitate to make such a recommendation in this situation. Mr. Gallagher noted that a judiciary cannot take a calculated risk unless he is willing to be surcharged.

Aggregate deductibles in the long run may take the place of per loss deductibles, it has been suggested. If such a contract is purchased as stop loss, what should insured do about noncancellable features? Mr. Tearney said he would have a non-cancellation feature.

Wouldn't an aggregate loss deductible be more satisfactory in getting at proper rates? Mr. Hall said deductibles work all right for his company. Mr. Tearney said one effort is to use losses applicable to insured's type of operation, in arriving at a proper deductible rate.

Mr. Jacobus said the franchise idea doesn't create too much of a moral hazard. He would as a buyer prefer the deductible.

Mr. Brown said it is entirely a matter of luck when a company or man in higher income bracket makes money by not insuring physical damage. If there is loss, the firm or man will lose something since the tax is not 100%.

Mr. Brown said he thinks as much can be accomplished by a contribution plan as by use of deductibles, or more. Mr. Hull disagreed. Under a deductible plan the insured can name the amount of loss insured will assume. The other is indefinite. Mr. Brown said that is based on theory insured is not going to have losses. Mr. Tearney agreed with Mr. Jacobus. Mr. Gallagher noted that insured doesn't know how many $100,000 occurrences there are going to be in a year. So why not have a yearly aggregate?

Mr. Tearney was asked if he didn't think he was as much in insurance business when he buys primary cover as when he buys deductible. This question is usually asked the other way around, Mr. Hall said, and added that he did not think insurers are entitled to have an exclusive monopoly in insuring.

If insured voluntarily claims for only $500 or more, is this in effect a deductible and should insured have credit for it in the rate. Yes, Mr. Tearney replied.

If there is an aggregate, there should be a clear understanding, a record, of what will be considered in the loss.

Why did Ford buy full cover and what were economics of the decision? Mr. Jacobus said there was not an economic reason. The buyer should look at the program from time to time and on this occasion decided the company would be better off with insurance. Ford had self insured for 40 years and had done well. Perhaps it was a matter of cashing in on that program while it was ahead. There was no special reason or conclusion about self insurance.

Mr. Hall said in service business such as his it is of prime importance to prevent losses. In some other businesses it may be a matter more of dollars and cents.

J. G. Niederlitz, Great American; H. A. Coumbe, National Board, and Charles Close, Great American, fire executives who attended the annual meeting of Assn. of Casualty & Surety Companies at New York.

Minimum Requirements Set Up for Tex. County Mutuals

Following its recent hearing the Texas board of insurance commissioners has set up minimum requirements for companies operating on the mutual or co-operative plan.

Each county mutual must maintain at all times reserve funds at least equal to its unearned premium reserve, plus its unpaid claims for losses and all other liabilities. A schedule of commissions to be paid agents shall be filed with the board and reviewed by it. So-called retrospective agency agreements, which in substance allow large commissions to agents who pay claims arising under the policies written through such agency, are ruled out.

The companies shall file with the board any and all managerial contracts, which the board must find to be reasonable and fair to the managing officials on the one hand and policyholders on the other. Any evidence showing or tending to show employment of county mutual insurance to circumvent the usury laws of the state will be submitted to the attorney general.

The commissioners state that 10 companies of this type are now in receivership and that 50,000 citizens of "this state have become subject to the statutory liability for additional premiums, many without their actual knowledge of such obligations imposed by the policy contracts and the statutes." It is pointed out that of the 51 such companies operating in Texas few are really operating on the mutual or cooperative plan.

The St. Louis court of **Cats Meow** will conduct its spring initiation May 26.

Carlson Pleads for 5% Profit Factor

(CONTINUED FROM PAGE 17)

up their surplus and stockholders equity, and that a correspondingly lower profit margin should be allowed insurers that have suffered reverses with a consequent depletion of resources. This is not in accord with common sense.

If the business is to continue on a sound basis, the battle for the increase in the allowance and rates for profit and contingencies must be pressed to the limit, he declared. The allowance in the rates for contingencies has to do only with those which are unpredictable and has nothing whatsoever to do with trend projections which are reasonably predictable and for which separate provision in the rates is necessary.

HIGHER RATES

Insurers do not want any higher rates than are necessary to pay their loss and expense costs and allow them a reasonable profit, Mr. Carlson said. Loss ratios for the first quarter of 1952 are higher than the loss ratios for the first quarter of 1951, according to indications, despite substantial rate level increases. The trend in loss costs is therefore still upward.

How did the insurers come to underestimate the necessities of the situation to this extent, it has been asked, and what are they doing to avoid continuation of these catastrophic developments in the future?

By 1949 it appeared that loss costs had leveled out. There was a marked increase in competition for business. But in the first month or two of 1951 it became evident that there was countrywide a sharp turn for the worse in the experience beginning about the preceding October. Claim costs mounted so rapidly insurers realized as early as February that a catastrophic situation was developing. As to property damage liability, the uptrend was traceable directly to the rise in costs of materials and labor that started in June of 1950 with the action in Korea.

Accumulation of Impact

Though the Korean development was an important factor in bodily injury liability, the major factor was the accumulated impact of the cost of living increases that had occurred two or three years earlier. He explained this phenomenon by detailing the complex chain of cost increases involved in what is termed the inflationary spiral. The difference in timing and force of the impact of the various component factors in the spiral explains why it is very difficult to calculate a specific time lag or mathematical correlation relating liability costs to the complex of costs reported in the consumers' price index.

A study was made in 1947 that attempted to establish for predictive purposes a relationship between auto liability loss trends and cost of living trends. That study indicated that while the effect of the upward trend in the cost of living was felt within the year upon P.D.L. costs, the effect of such general price movements upon B.I. costs lagged possibly two or three years. The relationship was not considered established specifically enough mathematically to be usable for predictive purposes in rate making, and the time lag was so indefinite that the true significance of the study did not receive proper emphasis. The accumulation of the delayed impact of these cost elements results in continuing to drive upward the trend of claim costs during any short term period in which the cost of living index is actually leveling off.

This is important in evaluating what is happening today and what will happen in the next several months. The 1952 consumers' price indices are higher than any preceding year, but there are many news articles currently stating that certain cost indices are turning downward and forecasting that the cost of living index will likely turn down through 1952.

However, it does not follow that auto B.I. costs will turn down simultaneously. If there is any leveling off of the cost of living index, the impact of the leveling off will probably not be felt upon B.I. claim costs for another three years and if in the meantime the cost of living index turns upward again, there will be no leveling off at all in the trend of auto B.I. injury claim costs. This holds true also for P.D.L. costs, but to a lesser degree, he said.

Introduction of rate regulatory laws in the states after 1944 produced a strong, undue emphasis upon reliance on individual state data, Mr. Carlson believes. To supplement the detailed policy year statistics with more recent experience showing the over all picture statewide, but with no class or territory detail, a special call was issued asking for a reporting of premiums and losses, for all B.I. and P.D.L. writings by state, covering all transactions in 1948, 1949 and 1950. The most recent policy year experience available was for 1948 complete and 1949 incomplete. The calendar year loss ratios made possible development of detailed experience state by state to the 1950 level of loss costs. A further development factor was superimposed to reflect the countrywide increase in loss costs that took place in the first quarter of 1951. This was the framework of the emergency rate revision made effective in 1951.

Delay in Getting Higher Rates

However, it takes a long time for these increases to have their full effect upon the earned premiums. The 13.6% for B.I., excluding Massachusetts, and 11.9% P.D.L. were intended to become effective June and July of 1951 but the last one did not become effective until late fall.

So far as 1951 results are concerned, the increase of 13.6% in the B.I. premium level produced an increase of only 1.2% in the 1951 earned premiums and the 11.9% increase in P.D.L. rate level produced an increase of only .7% in the 1951 earned premiums. Nor will the full effect of these increases be felt even on 1952 earned premiums. That will be only 11.1% on the 1952 B.I. earned premiums and 9.1% on the 1952 P.D.L. earned premiums. It will be 1953 before the full effect of the 1951 increases is experienced in the earned premium level.

Even with the cooperation of supervisory officials last year, the companies lost the equivalent of about three-fourths of 1% of a year's premiums in unwarranted delays in consideration of filings and the bureau lost almost twice that amount in compromises that had to be made in various states. This loss of 2% of a year's premiums amounted to about $30 million.

Higher Rates Coming

The continued upward trend of loss costs through 1951 means that further very substantial increases are in order because the rate levels proposed in 1951 were keyed only to the loss levels of the first quarter of that year and because compromises were made in a number of states.

B.I. losses are settled on the average 21 months after the policy is written. Suppose that the forthcoming schedules of rates are made effective July 1 and remain in effect for a year from then. The average policy writing date at such rates would be Jan. 1, 1953, the average date of the accident July 1, 1953, and the average claim cost settlement date on those policies Oct. 1, 1954. The bureau now is trying to determine B.I. rates for policies under which the average claim settlement date will be Oct. 1, 1954, or more than two years hence.

The program that has been developed for proposal in the various jurisdictions involves the utilization of statewide calendar year loss ratios through 1951 to develop detailed policy year experience down to the average 1951 cost level state by state. All loss ratios are adjusted to the current rate level, to reflect the effect of the rate revisions made last year and in prior years. Development factor is added to carry the experience indications to an average 1953 level. A trend factor will be included based upon assumption of continued upward development of average claim costs.

Costs To Continue Upward

There is every reason to believe that such costs will continue upward through the next couple of years at least regardless of what happens to the consumers' price index. Though the average claim settlement date of the policies for which the bureau is now establishing rates will be at the earliest October of 1954, the program calls for projection on the basis of the claim cost element alone to the average loss level contemplated in 1953.

There is serious doubt that even these proposed rate levels will prove adequate for the period in which they will be effective. The 1952 program contemplates adjustment of territorial relationships, even though their emergency this year is such that it is desirable to minimize the time necessary for the review of proposals by supervisory authorities.

At Assn. of Casualty & Surety Companies annual meeting in New York: Bert Jochen, Frank Van Orman and J. C. Onderdonk, all of American, and Ralph McCallum and Frank Bragg of the association's headquarters staff.

Merrill Heads Essex Agents

Essex County (N. J.) Assn. of Insurance Agents has elected Deane W. Merrill, president; James M. Bollinger, vice-president; Sydney A. DeRoner, secretary, and Albert H. Allsopp, treasurer. Mr. Merrill is past president of the New Jersey C.P.C.U. chapter and is eastern regional director of C.P.C.U.

Petersburg-Hopewell Election

Petersburg-Hopewell (Va.) Assn. of Insurance Agents, meeting at Colonial Heights, elected Herbert M. Ford, Jr., of Hopewell, president. He succeeds d'Arcy Roper of Petersburg. Jack Uzzle of Petersburg is vice-president, and Mrs. Virginia Thomas, Hopewell, secretary.

Herbert Lewis has purchased complete control of the Amsden-Lewis agency at Lorain, O.

Oklahoma Agents Get Practical Fare

(CONTINUED FROM PAGE 2)

many Oklahoma programs, gave a talk on "Let's Recover the Fumble." He alluded to the bad public relations that grew out of the handling of the rate increases on auto and workmen's compensation.

Mr. Inhofe referred to the fact that Oklahoma adopted a so-called death benefit law in the last session of the legislature, providing for $13,500. Mr. Inhofe traced the course of this legislation which had been advocated and supported by all stock insurance interests. He told of the adoption of the constitutional amendment which was a necessary prelude to the enactment of a death benefit. And he told of the study given the proposed measure making this amendment effective by associated industries, casualty companies, local agents, labor unions, etc. Out of this emerged a fine bill which would have been workable and effective.

Resulting Bill Unrecognizable

But, in the dying hours of the session, under the hands of a small group of damage suit lawyers, a bill came out of conference committee which no one recognized and which is a discredit to Oklahoma. Among other things, the measure defines a dependent as one entitled to the proceeds of the estate of a deceased workman under the statute of "descent and distribution." Thus, every death under the law requires probate—a field day for attorneys.

Mr. Inhofe deplored the publicity that developed following the enactment of the law and resulting from the appeals of the companies for additional rates to offset the costs of the law increase. Much emotionalism, demagoguery and rank politics became apparent in the hearings. Mr. Inhofe appealed to his hearers for a sane treatment of such developments and an effort on the part of agents to offset such attacks on the companies. He urged agents to come to the front in such situations and use their influence to "sell" such rate increases in advance.

Mr. Inhofe also deplored the reception given the request for rate increase in auto B.I. and P.D. He called attention to the fact that publicity hounds, many of whom were candidates or potential candidates for office, had taken the ball and run with it to the embarrassment of the insurance board, to the casualty bureau and to the agents.

Maurice G. Herndon, Washington representative of N.A.I.A., spoke on "The Washington Outlook."

Past Presidents Gather

Friday evening 21 past presidents held their annual dinner with Dave McKown presiding. Later Tulsa Insurance Women's Assn. put on a gridiron program in which many agents were lampooned.

The next morning the rural agents' breakfast was attended by 175. This has become a feature of the program that attracts wide interest.

At the general session Oscar Beling of Royal Liverpool spoke on agency management. He discussed his filing plan—a multiple purpose system, combining accurate and effective arrangement for customers' records, expiration control, production tools, and time-saving device, and also his multiple invoicing plan—again combining necessary customer billing, expiration records, bookkeeping or company accounting, customer ledger, and collection device.

Louie Woodbury, Jr., Wilmington, N. C., told the agents to "Get Up and Get Out," literally. He is a ball of fire with a bag full of selling devices that obviously work—if the agent will work with them. This was in harmony with the general aim of all Oklahoma conventions—to enable the average agent to go back home and make more money out of his business.

At the general business session a rewritten constitution was adopted. This provides for a new elected officer, "president-elect." The plan now provides for a president, a president-elect, a vice-president (chairman of executive committee), a secretary-treasurer, and an executive secretary (employed by the executive committee).

As a closer, Charles T. Evans, assistant to the president of Arkansas Power & Light Co., spoke on "What Makes It Tick?" "It" refers to the American free enterprise system. He mixed down-to-earth common sense with adroit wit and humor that held the crowd in intense interest.

That evening the six Oklahoma fire and casualty companies put on their annual cocktail party—modeled after the idea of the America Fore group at national conventions. Then came the banquet and dance and floor show.

A number of resolutions were adopted as proposed by the committee that was headed by Dave McKown. There was one that opposed the use of a deductible on extended coverage. Casualty companies were memorialized to afford credit in the premium applicable to youthful drivers who have successfully completed a driver-training program and the association pledged itself to support this activity to the utmost.

Public Reaction Is Bad

There was a resolution stating that the agents have been alarmed at the reaction of the public to rate increases that are needed . There is need to give the press and public better information on the mechanics of rate making and a comprehensive public information program should be instituted nationally and in the state aimed at improving the attitude of the public on the basic fundamentals of insurance.

Enactment was advocated of a motor vehicle inspection law.

The Oklahoma laws relating to insurance agents are a "jumble," a resolution stated, and there was advocated a licensing law that will protect the public against the unscrupulous, uninformed agents.

There was a resolution deploring the tendency on the part of certain companies to file rate deviations based upon commission reductions. Also cited was a practice of reducing agents' commission, especially on class 2 auto liability risks without passing on to the public a premium reduction. The resolution condemns "any and every modification of contract terms without full consultation with the agent or agents involved." "Bitterly" condemned was the principle involved in rate deviations based upon reduction in the producers compensation.

The Neilson agency has been established by James and Eloise Neilson at **Florence, Ore.**

J. Dewey Dorsett, general manager, and Manning W. Heard, Hartford Accident, the new president of Assn. of Casualty & Surety Companies, at the annual meeting in New York.

E. L. Mulvehill, American Re group; Junius Powell and Thomas Dew of Chubb & Son, and Frank Malley of American Re at Assn. of Casualty & Surety Companies annual luncheon.

N. Y. Autos Over 95.2% Insured Under F. R. Law

Of 631,734 individual accident reports submitted to the New York motor vehicle bureau in 1951, 601,791 or 95.26% presented evidence of insurance in effect, according to the annual report of the bureau by Victor F. Venass, deputy commissioner.

The balance of 4.74% were either uninsured or furnished no evidence of coverage with the submitted report. When the operator is not the owner of the vehicle involved in a reportable accident, he may not know the status of the coverage. Consequently, some of the 4.74% may later furnish evidence of proper insurance.

There were 2,728 disclaimers in the year, which means insurer denied insurance in effect applying to either operator or owner of the vehicle involved in the accident. This is less than ½ of 1% of total claims of insurance in effect.

The report expresses agreeable surprise at the way insurance coverage held up in the face of the increase from 5/10 to 10/20 limits last July 1 plus a rate increase. The bureau feared the increased cost might cause some people to forego or discontinue insurance, but this situation did not develop.

There were 6,677 uninsured persons who deposited sums to meet judgments, compared with 7,206 in 1950; they deposited $1,291,363, which was only slightly less than 1950 because of inflation. The average deposit in 1950 was approximately $182, in 1951 approximately $193. This reserve is available to indemnify persons who prove themselves entitled to indemnification.

Interestingly enough, many claimants inveighing against an uninsured person fail to take the proper steps to avail themselves of the remedy provided by law, according to the report. On the other hand, the bureau receives a number of complaints from the public that they are unable to secure a lawyer willing to prosecute their claim where insurance is not in the picture. More widespread use of some simplified and inexpensive small claims court procedure may be the only satisfactory answer to this problem.

Many Substantial Settlements

The report notes that 23,291 releases were submitted and approved in the year. Many releases state the consideration as $1 but subsequent investigation reveals a substantial settlement was made. There were 654 suspensions for failure to satisfy judgments, compared with 580.

A great deal of work and detail is caused the bureau by suspensions required because of cancellation of insurance, a total of 21,962 in 1951. The bureau urges all interests to review this matter to see whether such transactions can be reduced. The person under financial responsibility requirement must find another insurer, it must carefully investigate, the owner may go to the assigned risk plan, and the plan may assign the risk to the previous insurer or exchange it for a worse risk. There may be good reasons for cancellations but in many instances the bureau has nothing in the record to warrant it. The public may have a justifiable complaint, and the bureau wonders if this jockeying procedure by some insurers is profitable.

Some insurers or their agents are using bureau procedures to assist them in collecting premiums by submitting a cancellation notice, which initiates suspension procedure against the individual, after which the insurance is reinstated. This practice is not widespread but is unfortunate, according to the report.

Minor registrants, now required to carry 10/20/5, now constitute about 4% of the four million registrants in New York, quite a sizable figure. Minors now also are required to furnish evidence of proper insurance applying to any vehicle that they operate, in other words they must supply an operator's policy. The latter law will have to be enforced by the police.

The safety responsibility law is accomplishing its most important objectives, the report declares. The record reveals it has promoted the voluntary settlement of M. V. accident claims and steadily reduced the number of uninsured. The legislation deals effectively with those persons who have demonstrated a disregard for the law or their financial obligations under M. V. operation. It avoids the regimentation of the overwhelming majority of law abiding and well intentioned citizens who recognize and voluntarily assume obligations of good citizenship.

N. J. Membership Passes 1300

Membership in New Jersey Assn. of Insurance Agents has passed the 1300 mark with acceptance of 16 new applications, Charles J. Unger, secretary, announced.

N. W. Mut. Host to Teachers

Cooperating in the business-education day sponsored by the Seattle Chamber of Commerce to give educators an opportunity to observe various businesses and industries in operation, Northwestern Mutual Fire was host to 20 teachers.

After being welcomed by J. H. Bolton, vice-president, the group was shown every phase of the activities of an insurance company. Special preparations were made to personalize the tour by routing specimen daily reports through the various operations in coordination with the touring group.

Herman Keck, educational director of Fireman's Fund and William Fuente, personnel manager of Pacific Fire Rating Bureau, were speakers Wednesday evening at the meeting of **Insurance Forum of San Francisco** on "Personnel Selection and Training."

The annual golf tournament of the **Board of Marine Underwriters of Seattle** will be held at Broadmoor Golf Club Aug. 1.

Darwin Minnis of the Eldridge & Minnis agency, a past president of Newton (Kan.) Insurance Board, has been elevated to master of Newton Masonic lodge 142.

John Cauthorn, Wichita agent, was named treasurer of Kansas Saving & Loan League at the annual meeting at Wichita. **Harry P. Patton,** Hiawatha agent, was named 2nd vice-president.

Insurance Women of Fargo, N. D., installed new officers at the May meeting. They are: President, Marie Stiening, Dakota Mutual Hospital Assn.; vice-president, Martha Peter, Hull & Co.; corresponding secretary, Erna Hille, Western States Life; recording secretary, Irene Wagendorf, Hull & Co., and treasurer, Olive Ellingson, Baker agency.

Insurance Women of Toledo, O., have installed Florence M. Brown as president; Dorothy Campbell and Betty Cramer, vice-presidents; Katherine Meyers and Florence Kane, secretaries, and Helen Rigsby, treasurer.

Gives Tips on How to Buy U. & O. Insurance

(CONTINUED FROM PAGE 23)

was completely destroyed and the third damaged but still intact. Insured purchased a large tent for $4,000 that covered an entire area. Production was resumed in the intact area and in the space covered by the tent. While production went on in two areas, the third was repaired. Upon restoration, the tent was moved to another area and a section repaired. Insured lost little actual production. A coal mining property sustained a severe explosion in a liquid oxygen plant used to produce the explosive for blasting over burden. Dynamite was substituted and not a ton of coal production was lost. In other losses temporary power units, transformers, etc., have been employed to resume operations.

Amount of U. & O. Collected

The coal mine U. & O. loss was $150,000, entirely extra expense. The concern that bought the tent collected nearly $100,000, largely overtime labor, use of outside facilities and sundry extraordinary costs.

Insured does not always recover the entire amount of extra expense under U. & O. In one sizable loss where suspension was eight months, a gross business interruption loss of $450,000 was agreed upon. Through the application of the contribution clause, this amount was reduced to $325,000. Insured used all means to resume operations. A temporary roof was erected and much production had to be accomplished through the use of man power or hand labor in lieu of machinery operations because much of the equipment had been destroyed. Extraordinary expense for the eight months suspension actually amounted to over $400,000, whereas the insurance liability was $325,000. Insured did hold his customers and except for underinsurance would have collected his entire extra expense loss.

Few losses under extra expense have been adjusted, compared with business interruption. Extra expense coverage is specific insurance on a single item. Business interruption is blanket insurance covering not only extra expense but loss of earnings as well. Losses have made it clear that it is extremely difficult to accept extra expense coverage in lieu of business interruption. Often where extra expense is carried, the policyholder is compelled to carry contingent U. & O. on the property he expects to use if his plant is destroyed. His competitor or other plant may sustain a loss at the same time, depriving him of the facility he relied upon.

Boiler and Machinery

Generally in boiler and machinery U. & O. losses it is more practical to resort to use of temporary facilities and the incurring of extra expense to resume operations more promptly and reduce the time element. B. & M. losses generally involve a single important item and some auxiliary facilities. A boiler or piece of machinery which is key equipment may have a replacement cost of only $25,000. The entire buildings and machinery may have replacement cost of $1,000,000. Overtime labor or premium cost of restoring a $25,000 item is of small consequence compared with such costs on the entire building and equipment of $1,000,000.

Many concerns used to look on boiler U. & O. as an unnecessary evil. It was reasonably simple for smaller plants to bring in a railroad locomotive on the plant siding and connect it with the plant steam lines for steam power during an interruption. The transition to diesel powered locomotives by the railroads has changed this. In two losses in recent months, the railroad serving the insured's plants did not have steam locomotives they could rent insured. It is possible to obtain portable steam generators but generally they are of small capacity and can only be used where a small steam load is required.

Losses have occurred under B. & M. U. & O. policies that had a potential interruption of as much as two years. In one important case, an extended interruption was avoided by restoring a machine in an alternate manner rather than an exact replacement. The alternate restoration was more costly but saved time, insured's customers and considerable money.

John A. North Sees Term Credit Reduction Ahead

(CONTINUED FROM PAGE 2)

tighter until education of the driver begins to pay off. Not until licenses are suspended and faulty cars are actually ordered off the highways will the public be jolted into a safety conscious frame of mind, he said.

On the proposal for federal flood insurance, Mr. North said that the billion and a half would be better spent in improving levees and building flood control projects where needed. This would be a one-time expense rather than a repetitive premium collection venture. Flood control expense money could be spent in areas where suffering has been greatest and best help employment and business where flood costs have hit the hardest. However, he said, flood control projects should not be developed into public owned power plants.

Flood insurance on fixed properties has never been attractive to private insurance and for the same reasons it would only be another tax drain if conducted by the government.

N.A.U.A. Officers Are Reelected at Annual Meet

(CONTINUED FROM PAGE 1)

prehensive hazards, he said suggestions have been filed with the association as to improvements, and the policy revision committee has been studying the matter.

He urged each company to study its existing adjustment procedures. There has never been a time when expert handling of claims was more vital in assuring auomobile owners of rightful indemnity but in resisting efforts by dealers and some insured to have included costs of repairs and replacements not chargeable to the accident.

The Accident Problem

Total national registration of motor vehicles is now more than 52 million, he said. Some vehicles necessarily are in poor repair. Present highway systems are inadequate to handle so much traffic, particularly in and around congested areas. Many highways are in disrepair. But probably the greatest influence in the rapidly growing accident record is laxity in licensing of drivers and in enforcement of traffic ordinances.

He believes the insurers have been asked to assume more than their share of the responsibility for the national accident situation. Repeatedly insurers have been criticized for rate increases in liability and material damage, yet these increases have not been commensurate with increases in other price indices, and in many cases have been inadequate to pay for established claims for loss to life and property and still guarantee continued solvency. Prevention of accidents is quite as much a governmental obligation as it is one for insurance interests. Insurers should and do contribute heavily to the studies of accident prevention and development of methods therefor, but there are operators who should not be permitted to drive vehicles on the highways, and there is non-observance of traffic regulations.

The companies, however, should participate in concerted action to reduce the accident toll, to lessen liability for collision and other damage claims and in the public interest. He said he would like to see positive action taken by N.A.U.A. insurers looking toward that end. Each company could materially assist also in obtaining a higher percentage of cooperation from local law enforcement authorities, making their voices felt as local citizens.

With respect to cooperation between parts of the business, he said it is necessary to recognize that there are certain basic principles common to all types of insurance; there are certain common agency relations which would include also matters and methods of compensating producers; there are common tax problems, and there are common expense factors in interlaced problems of expenses as between various segments within an individual company. How can any organization or individual company consider one phase of its operations without considering all? There is a great demand today for complete consistency as between segments.

There have been intimations by certain supervisory authorities leading beyond statutory prerogatives of supervision into the field of company management. In Mr. Sammons' opinion, the companies collectively and individually have a right to insist upon management freedom. As some prominent commissioners have made clear, there must be careful recognition of the line at which statutory supervision ends and freedom in company management begins. He believes also that companies and insurance departments should more fully recognize they can more effectively work together for the common good of the business, by exercising less mutual suspicion and greater mutual acceptance of the inherent honesty of 99% of state officials and company and agency men. There is an increasing recognition of this viewpoint, he said.

Kansas City Sales Congress Is Bracing Tonic

(CONTINUED FROM PAGE 19)

to measure all the premiums that are received from a single risk. Hence, he said, the agent can be on the lookout for ways to bring into the orbit of a company desirable aspects of a line as a means of inducing the company to carry the borderline casualty risk.

In handling bond lines particularly, he said, it is important for the agent to get the whole story to the underwriter. For instance, just a bare statement of the kind of construction involved such as underground work, might scare off an underwriter. There may be conditions surrounding the risk that remove it entirely from the class of undertaking that the underwriter has in mind when he responds in a negative way.

Speed Warner urged the agents to go after bond business in an enthusiastic way, become familiar with the manual, make a lot of calls, find out where the markets are and get into the rhythm of that type of business. He said that if an agent would spend as much time in the bond manual as he does in the auto manual, he would be well rewarded.

R. I. Catlin of Aetna Casualty, James B. Donovan, general counsel of National Bureau of Casualty Underwriters, and Frank Seiler, vice-president of American Surety, at Assn. of Casualty & Surety Companies luncheon at New York.

Boost Neenah School Line

Conversion of present insurance in city school buildings and equipment to replacement values, set at $3,475,000, was voted by the Neenah, Wis., school board. The business is handled through Neenah Insurance Board and prorated among local agents there.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Ohio Federation Elects C. D. Rankin President

COLUMBUS — C. D. Rankin of Newark was elected president of Insurance Federation of Ohio at its annual meeting here Monday. Vice-presidents chosen are Robert K. Zimmer, Penn Mutual, Columbus; Otis Harris, Bates & Co., Columbus; W. G. Alpaugh, president Inter-Ocean, Cincinnati, and O. G. Houch, Athens. Members of the governing committee are: William H. Witherspoon, Frank L. Barnes, John H. Mahon, Sherman R. Henderson and Clifford Swanson, all of Columbus; Glen Brookhart, Celina, and R. L. Kester, Toledo. E. C. Anstaett of Columbus continues as treasurer and Homer Trantham, Columbus, secretary and counsel.

On the fire committee are Paul F. Brown; J. W. Huntington, H. P. Young and Trafford Tallmadge, Columbus; R. H. Swisher, Springfield, and John W. Kramer, Dayton.

A. & H. committee: Clarence L. Petersen, A. W. Franklin, J. M. Steward, Charles H. Coghlan and E. W. Welton, all of Columbus; William A. Knight, Cleveland.

Casualty and surety committee: L. H. Grinstead, A. V. Harris, Wendell E. Meservey, Barnard Nagle, and E. P. Gustafson, Columbus.

The federation adopted a resolution opposing the proposal introduced in Congress, ostensibly to raise social security benefits. It gave these reasons for its opposition: The social security law should not be changed until the study commission authorized by the 81st Congress in 1950 has completed its study; the bill provides compulsory medical care for a certain portion of the population and thus constitutes an opening wedge in the administration drive for nation-wide medical care; such far-reaching legislation should not be railroaded through Congress without affording its opponents a public hearing.

E. H. O'Connor of Chicago, managing director of the Insurance Economics Society, speaking at the luncheon, said the social security act is a vehicle which could nationalize and socialize fire, casualty, life, and accident and sickness unless the people are alert and vigilant. Recognizing the yearning of the people for economic security, Mr. O'Connor asserted that the only true security is that created by the people themselves under the competitive free enterprise system that has made America what it is today.

Institute at U. of Minn.

Agency problems were stressed at an insurance institute at the University of Minnesota May 19-20, sponsored jointly by the university and Minnesota Assn. of Insurance Agents.

"Agency Management" was handled by Richard A. Heins, vice-president of George J. Leonhard, Inc., Madison, Wis. William E. Brandow, manager Hermann Investment Co., Minneapolis, conducted a course in "Agency Ownership." Clark H. Pettengill, home office underwriter St. Paul Fire & Marine, was in charge of the course in fire insurance and allied lines.

Ohio Leaders Confer

Fifty local board officials attended a conference of Ohio Assn. of Insurance Agents at Granville. Andrew Kalmykow, New York, representing Assn. of Casualty & Surety Companies, Ohio, spoke on "Accomplishments of Private Insurance for Industry and Labor." T. M. Gray, Sr., executive secretary of the Ohio association, told of the "Challenges of Today and Tomorrow." Legislation was discussed by A. M. O'Connell of Cincinnati, president of the Ohio association. Others taking part were R. R. Schryer, Lima, association vice-president; Leland T. Powell, Springfield, trustee; Bradley Schaeffer, executive secretary, Dayton board; Paul R. Gingher, Columbus, Ohio association counsel; Walter Backus, president Springfield board; William M. Robbins, Toledo; E. B. Berkeley, Cleveland, past state president.

Buyers' Clinic at Ind. U.

A clinic for insurance buyers was presented by the Indiana chapter of C.P.C.U. last week at Indiana University. The affair was sponsored by the university in cooperation with Indiana state chamber of commerce. About 50 buyers in the state attended. This was a two-day program with Prof. Edward Hedges of the business school in charge.

Toledo Whing-Ding June 5

Maumee Valley puddle of the Ohio Blue Goose along with the Toledo Assn. of Insurance Agents is sponsoring a golf and dinner party June 5 at Chippewa Country Club, Toledo.

Irene Schaetl, St. Paul F. & M., was installed as president of **Indianapolis Assn. of Insurance Women** at the annual meeting. Other officers are: Vice-president, Marcia Da Vie Carter, Northern of New York; recording secretary, Mary Ellen Pixley, O. K. Mannan agency; corresponding secretary, Hilda Blank, Rough Notes Co.; treasurer, Leota Huddleston, Vernon General.

Mary Helen Bandel, chief underwriter in the fire department of Dulaney, Johnston & Priest, a past president of Insurance Women of Wichita, is retiring June 1.

EAST

Vermont Spring Meeting Draws Record Attendance

The spring meeting of Vermont Assn. of Insurance Agents at Woodstock was the largest gathering ever of any association meeting.

Richard C. Hubbard, Middlebury, president, and Gov. Emerson of Vermont described the association's new highway safety program as a major contribution to the welfare of the public.

C. P. Hoffman, Brattleboro, legislative committee chairman, said that his committee is working on a new automobile financial responsibility law to be submitted to the 1953 legislature. It is expected, he said, that at the next session there will be submitted bills for an unsatisfied judgment fund and for compulsory auto insurance.

Other speakers were Howard Germain, Factory Insurance Assn.; Cyril Greene, resident engineer of Travelers in Vermont; Oscar Beling, Royal-Liverpool, and Charles G. Taylor, Bradford, a past president.

Worcester Board Elects

Worcester Board of Underwriters at its annual meeting elected Leon H. Winchester president to succeed C. Arthur March.

Leo Z. Gordon was named 1st vice-president, Harold N. Knight, 2nd vice-president, and Leon A. Dubois was reelected secretary.

Speaker was Paul H. Braisdell, director of the public safety division of Assn. of Casualty & Surety Companies.

G.A.B. Has New N. Y. Office

General Adjustment Bureau is opening a new office at Jackson Heights, N. Y., with William A. Stetter, Jr., in charge of a staff of 12 adjusters. Mr. Stetter graduated from Fordham University in 1934 and was an insurance attorney and had company experience before joining G.A.B. at New York in 1945.

Reelect at Pawtucket, R. I.

Blackstone Valley Assn. of Fire & Casualty Insurance Agents at its annual meeting at Pawtucket, R. I., reelected all officers.

President is Chester D. Kenney, vice-president, G. Clifford Worthington; secretary, Leo A. Blais; treasurer, Edward L. Foster.

Phila. Accountants Elect

Insurance Accountants Assn. of Philadelphia has elected these new officers: President, E. C. McCrea, American Associated; vice-president, J. F. Marron, American Casualty; secretary, W. J. MacDonald, Century Indemnity.

COAST

Doll Leaves Prov. Wash. to Join Eugene, Ore., Agency

Ed. J. Doll has resigned as assistant manager of the Pacific department of Provident Washington to join the Smith & Crakes agency at Eugene, Ore.

Mr. Doll, a native of Seattle, started with Northwestern Mutual Fire and was assistant manager of the underwriting and reinsurance departments at its home office from 1929 until he joined the W. D. Morton agency at Portland in 1947 as assistant manager. Later he went with Providence Washington as Oregon state agent. He was advanced to assistant manager in charge of the casualty department in 1950.

Awtry Heads El Centro Office of Barr Adjustment

H. E. Awtry has been appointed manager of Barr Adjustment at El Centro, Cal. Mr. Awtry has had 25 years' experience in claims work, starting with Southern Surety in 1928. From 1932 until 1941 he was manager of the mid-west division of Farmers group of Los Angeles, and until 1948 he was claims manager at San Francisco for American Indemnity. More recently he has been assistant superintendent of claims for Transport Indemnity at the home office.

MacLennan Safety Chief

Jewett, Barton Leavy & Kern, Portland, Ore., have established a safety engineering department with M. C. MacLennan as manager. For 10 years he has been safety engineer of General Casualty of Seattle.

Farewell for J. E. Clark

As a farewell to John E. Clark, assistant manager of American at San Francisco for several years and now president of Fire Underwriters Assn. of the Pacific, that organization is tendering him a special luncheon June 3. Mr. Clark recently resigned his coast connections to enter the brokerage business in New York City. The committee in charge consists of R. B. Masters, Security of New Haven, chairman; Carl N. Homer, Deans & Homer, who succeeds Mr. Clark as president of FUAP; Clyde M. Marshall, Aetna Fire; John Henry Martin, Standard Forms Bureau and E. E. Simpson, St. Paul group.

John D. McAnally, of the Pioneer Insurance Agency, Longview, Wash., has returned from a two weeks' trip to London, visiting brokers at Lloyds.

SOUTH

Prepare Features for Miss. Agents' Rally June 5-7

One of the features arranged for the annual convention of Mississippi Assn. of Insurance Agents at Edgewater Park June 5-7 is a panel on "Keeping Up With Property Insurance." Participants will be Lee Meyer, chairman of the Mississippi association fire forms committee; William S. Sampson, S. W. Williams general agency of Meridian, and Julian Carroll, manager of Mississippi Fire Rating Bureau. These panel members will answer questions on property insurance submitted by the audience.

An innovation at this meeting will be a "junior" convention for the agents' children. J. D. Helms, general agent of Jackson, is sponsoring this affair, which will include the entertainment of children for the two days of the convention.

S. C. Eliminates 3-Month Unlicensed Selling Period

The South Carolina department has eliminated the provision, so far as property insurance selling only is concerned, that the applicant for agent's license may solicit business for a period of three months pending his taking the examination or receiving the license. This ruling becomes effective July 1. An agent who fails to pass an examination will not be reexamined for another six months.

The automobile full-coverage examination is being withdrawn. Hereafter an applicant will take one examination on fire, allied lines and general casualty, even if his company does not write some of the coverages embraced in the examination. All applicants will be examined on the entire contents of the department's information manual sometimes known as the "Red Book."

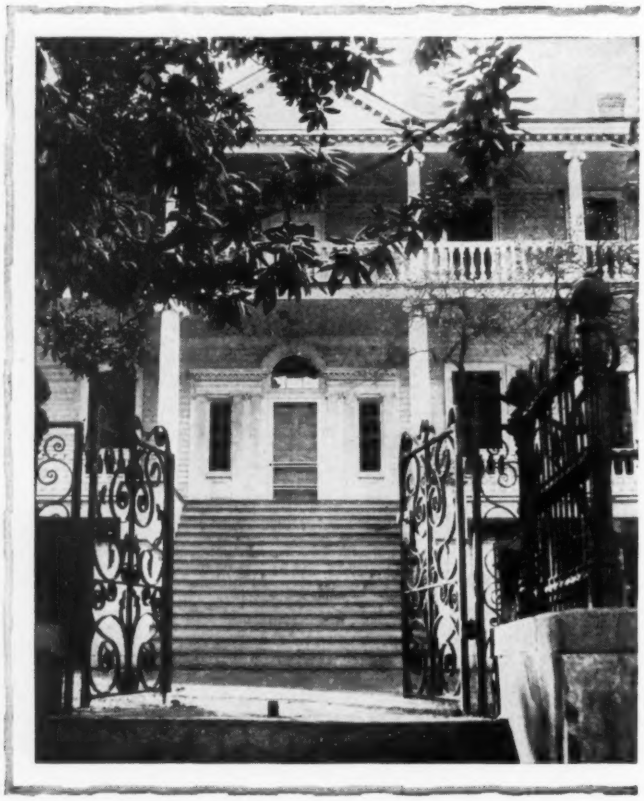
The automobile physical damage examination will not be withdrawn but an applicant for this will not be permitted to act as an agent in any capacity until the license is in his hands.

Phoenix of Hartford this week sponsored an agency management round table discussion at Richmond that was attended by representatives of seven agencies in the state. Clyde B. Marshall, state agent, was in charge, and representing the head office was Robert B. Lawless, agency superintendent.

Travis T. Wallace, president Great American Reserve and retiring president of Insurance Club of Dallas (left) is shown receiving a gold plaque from Eric C. Gambrell of the Seay-Hall agency. The plaque is in appreciation for Mr. Wallace's efforts as first president of the club.

The "Cornwallis" House...

VETERAN OF THREE WARS



When Lord Cornwallis came to Wilmington in April 1781, as his headquarters he requisitioned part of the finest dwelling in town, the home of Judge Joshua Grainger Wright. Although he stayed only two weeks, this fine old North Carolina mansion has ever since been known as the Cornwallis House. For many years initials scratched on a windowpane in the drawing room were reminders of the brief romance between a junior officer on Cornwallis' staff and one of Judge Wright's lovely daughters. By an amazing coincidence, a century later when a descendant of the Wright family was returning to Wilmington from a trip abroad, she met on shipboard a young Englishman who confided that he was making a pilgrimage to the Cornwallis House to see the initials which one of his ancestors had engraved on a window with his heavy diamond ring.

The house was built in 1771 by the wealthy John Burgwin, treasurer of the colony. When he went to England at the start of the Revolution he leased the house to Judge Wright who later purchased it.

The foundations were built on the site of the old town jail. In the dungeon beneath the house were confined many rebellious colonists who disobeyed the edicts issued by Cornwallis. According to local lore, leading from the dungeon to the Cape Fear River was a tunnel through which many persons escaped.

This gracious home of Southern aristocrats was used by armed forces in three wars: During the Revolution it was occupied by the British; in the War Between the States it quartered Federal officers after Wilmington had been captured by Union armies; and in World War II it served as an officers' club.

The Cornwallis House is now the headquarters of the North Carolina Society of the Colonial Dames of America. Authentically restored, it is open to the public through the society's generosity.

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